

BUDGET MTERF FOR 2019/20-21/2022



MATATIELE
LOCAL MUNICIPALITY

ANNUAL BUDGET OF
MATATIELE LOCAL
MUNICIPALITY

2019/20 TO 2021/22
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

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Abbreviations and Acronyms

AMR	Automated Meter Reading
ASGISA	Accelerated and Shared Growth Initiative
BPC	Budget Planning Committee
CBD	Central Business District
CFO	Chief Financial Officer
CM	Municipality Manager
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DBSA	Development Bank of South Africa
DORA	Division of Revenue Act
DWA	Department of Water Affairs
EE	Employment Equity
EEDSM	Energy Efficiency Demand Side Management
EM	Executive Mayor
FBS	Free basic services
GAMAP	Generally Accepted Municipal Accounting Practice
GDP	Gross domestic product
GDS	Gauteng Growth and Development Strategy
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources
HSRC	Human Science Research Council
IDP	Integrated Development Strategy
IT	Information Technology
kℓ	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt
ℓ	litre
LED	Local Economic Development
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act Programme
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTEF	Medium-term Expenditure Framework
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Electricity Regulator South Africa
NGO	Non-Governmental organisations
NKPIs	National Key Performance Indicators
OHS	Occupational Health and Safety
OP	Operational Plan
PBO	Public Benefit Organisations
PHC	Provincial Health Care
PMS	Performance Management System
PPE	Property Plant and Equipment

PPP	Public Private Partnership
PTIS	Public Transport Infrastructure System
RG	Restructuring Grant
RSC	Regional Services Council
SALGA	South African Local Government Association
SAPS	South African Police Service
SDBIP	Service Delivery Budget Implementation Plan
SMME	Small Micro and Medium Enterprises
Mscosa	Municipal standard chart of accounts

Part 1 – Annual Budget

1.1 Mayor's report

As the municipality, we recognize that we are part of a dynamic global economy and environment. You will notice that in this plan we have taken into account the global, regional, national, and provincial as well as district and local imperatives. This is because all these play a critical role that guides development and provision of services to citizens.

We continue to strive towards attaining the set goals and objectives for the period 2017/2022; and as we prepare to start year- three within this period; we realize that there are still great challenges to address. The state of our roads continues to be an outcry from our communities; with certain area(s) being virtually inaccessible due to the damage experienced during the rain season. This is but one of a number of challenges we are experiencing. The list also includes but not limited to; water, sanitation and electricity backlogs; high unemployment rate among our youth and overall improvement of access to services. We also understand that while these challenges are vast, we have limited financial resources to provide for adequate services. As a predominately rural municipality, this financial limitation is a huge challenge. However, we remain committed to deliver adequate services; making the most of the limited resources we have,

We continue with the progress made in 2018/19; prioritizing our roads infrastructure and electrification. We also recognize that it will take an effort from all our stakeholders, working together in providing services to our communities; with the aim of improving the lives of our people. Therefore, active participation and involvement of sector departments, the private sector and our communities will continue to play a pivotal role in the planning and implementation of this IDP.

We continue to appreciate the people Matatiele, and we realize how critical it is to provide them with quality and sustainable services, that bring about an improvement in the quality of their lives. This is the essence of what we strive for. We encourage the participation of our youth in our programmes, recognizing that young people constitute the largest part of our population. Improving access to skill development, entrepreneurship and education will allow us to tap into this opportunity of a youthful population.

The adopted budget for the 2019/20-2021/22 has focused on continuing to improve the lives of the people on Matatiele by providing electricity and access roads .

I truly would like to thank the Councillors, the traditional leaders, the management, ward committees, ward support assistants, Community Development Workers, sector departments, private sector and all our communities, for their contribution in the planning and drafting of this document. Your contributions through the various Public Participation engagements and in various forums such as the IGR and IDP Representative Forums, public meetings and outreaches have assisted a great deal.

1.2 Council Resolutions

Council resolves the following,

1. That, the annual budget of the municipality for the year 2019/20; and its indicative for the two projected outer years 2020/2021 and 2021/2020 as outlined on the report be approved as set out in the following:
 - Operating Revenue by source of R505, 351, 549
 - Operating Expenditure by source of R388, 292, 102
 - Capital Expenditure by source and municipal vote of R178, 384, 250
 - Total budget of R566, 676, 352
2. That the council approves the following tariff increases for the 2019/20 financial year
 - Property rates tariff increase of 5% and first R65 000 property values as exemption, 40% rebates on all residential properties, 15% rebates on all commercial and government properties, 70% on farm properties, 15% rebates on industrial properties and 100% rebates to all municipal properties.
 - Refuse tariff increase of 7%.
 - Electricity tariff increase of 13.07% as per NERSA guideline.
 - That all other municipal tariffs increase by 5%.

3. That, Council approves the reviewed policies as listed below,
 - 3.1. Appointment of consultant's policy,
 - 3.2. Banking and investments policy,
 - 3.3. Budget policy,
 - 3.4. Cash management policy,
 - 3.5. Cash shortage policy,
 - 3.6. Credit control and debt collection policy,
 - 3.7. Customer care policy,
 - 3.8. Customer incentive scheme policy,
 - 3.9. Data backup policy,
 - 3.10. Debt capacity policy,
 - 3.11. Donor finance policy,
 - 3.12. Electricity token policy,
 - 3.13. Entertainment & refreshments policy,
 - 3.14. Unclaimed deposits policy,
 - 3.15. Fraud prevention plan 2019-20,
 - 3.16. Gifts policy for officials,
 - 3.17. Grants & donation policy,
 - 3.18. GRAP framework policy,
 - 3.19. Indigent Policy,
 - 3.20. Cash-up Policy,
 - 3.21. Fixed Assets Policy,
 - 3.22. Payment Policy,
 - 3.23. Petty Cash Policy,
 - 3.24. Rates Policy,
 - 3.25. Special Services Policy,
 - 3.26. Strategy to improve Debtor policy,
 - 3.27. Supply Chain management Policy,
 - 3.28. Tariff Policy,
 - 3.29. Use of Credit Card Policy and
 - 3.30. Virement Policy.
 - 3.31. Infrastructure procurement and delivery policy.

1.3 Executive Summary

BACKGROUND AND REASONING

The Budget was prepared according to the Zero Based Method. In terms of the method all votes and line items were reduced to zero and every amount allocated had to be motivated. General Managers were requested to hand their requests to the Chief Financial Officer for inclusion on the budget. The information was requested to reach the Chief Financial Officer by the 31st January 2019.

As required by the Municipal Finance Management Act (MFMA) and other relevant legislations, regulations and guidelines, the municipality started the processes of budget preparation from August 2018 to March 2019 as follows:

Budget process plan

On 30th July 2018, the IDP and Budget process plan as required by section 21 of the MFMA was submitted and approved by Council to ensure that municipality does not fail to prepare and approve its credible budget within the legislated time frames.

IDP review

As per the approved plan, the municipality on 19 – 23 November 2018, conducted its public consultative meetings with all 26 wards to review IDP for 2017-2022. The reviewed IDP has been used by the municipality to inform the draft budget for 2019/20 to 2021/20 (MTREF) for consideration and approval. The approved draft budget will then be subjected for comments and suggestions by stakeholders and public.

Draft Budget

The draft budget of **R505, 351, 549** on total revenue, of **R388, 192, 049** on operating expenditure and of **R174, 259, 250** on capital expenditure was tabled to council in march 2019.

FINAL BUDGET 2019/20-2021/22**REVENUE BUDGET**

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source											
Property rates	2	24 194	25 919	25 727	35 612	42 000	42 000	–	44 100	46 305	48 620
Service charges - electricity revenue	2	47 025	47 633	48 494	51 957	51 957	51 957	–	53 291	55 955	58 753
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	7 619	8 657	9 451	9 860	9 860	9 860	–	14 786	15 526	16 302
Rental of facilities and equipment		588	732	956	1 700	1 700	1 700	–	1 700	1 785	1 874
Interest earned - external investments		4 279	7 061	8 989	8 901	10 100	10 100	–	13 000	13 650	14 333
Interest earned - outstanding debtors		5 393	7 206	9 273	5 967	7 467	7 467	–	10 225	10 736	11 273
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		2 737	802	1 296	2 331	2 681	2 681	–	2 094	2 198	2 308
Licences and permits		2 395	3 793	3 598	3 849	3 849	3 849	–	4 525	4 751	4 988
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies-Operating		182 560	170 764	186 586	215 542	215 855	215 855	–	242 899	258 165	274 974
Transfers and subsidies-Capital		82 226	143 839	136 428	98 435	107 049	107 049	–	117 059	124 424	118 079
Other revenue	2	1 868	7 085	1 444	1 897	1 447	1 447	–	1 673	1 704	1 789
Gains on disposal of PPE		(286)	–	–	–	–	–	–	–	–	–
Total Revenue (Including capital transfers and contributions)		360 599	423 491	432 242	436 049	453 963	453 963	–	505 352	535 200	553 294

Remarks

The revenue budget is anticipated to be R505, 3 million in the 2019/20 financial year. The adjusted budget for 2018/19 was R453, 9 million. This is an increase of R51, 4 million from the adjustment budget 2018/2019, the increase has resulted from the following;

- The property rates amount is calculated from the current valuation roll as implemented from 01st July 2018 with a proposed increase of 5%.
- The revenue from service charges is budgeted to be R53,2 million from electricity revenue and R14,7 from refuse removal revenue, the revenue from this source is a major revenue source as it represents 14% of the own revenue budget.
- The operating transfers and subsidies represent 48% of the total revenue which is R242, 8 million, included in this type of revenue is equitable share grant, expanded public works grant, library support grant, finance management grant and the 5% allocation from the municipal infrastructure grant for operational budget for the project management unit.
- Another major contributor to the revenue budget is the transfers and subsidies capital, this type represents 23% of the total revenue, which includes the Municipal infrastructure grant and the integrated electrification grant.

Transfers and subsidies include the following grants for the 2019/20

	Current Year 2017/18		2019/20 Medium Term Revenue & Expenditure Framework				
Description	Original Budget	Adjusted Budget	DORA Allocation 2019/20	Allocation Increase	% Increase	Budget Year +1 2020/21	Budget Year +2 2021/22
RECEIPTS:							
Operating Transfers and Grants							
National Government:	214 941 500	214 941 500	242 338 750	27 397 250	13%	254 145 300	270 753 450
Local Government Equitable Share	207 642 000	207 642 000	234 919 000	27 277 000	13%	249 849 000	266 265 000
EPWP Incentive	3 185 000	3 185 000	3 257 000	72 000	2%	-	-
Finance Management	1 700 000	1 700 000	1 700 000	-	0%	1 700 000	1 700 000
Municipal Infrastructure Grant (MIG)	2 414 500	2 414 500	2 462 750	48 250	2%	2 596 300	2 788 450
Provincial Government:	600 000	912 200	560 000	(352 200)	-39%	600 000	630 000
Sport and Recreation	600 000	912 200	560 000	(352 200)	-39%	600 000	630 000
Total Operating Transfers and Grants	215 541 500	215 853 700	242 898 750	27 045 050	13%	254 745 300	271 383 450
Capital Transfers and Grants							
National Government:	98 435 500	106 348 642	116 969 250	10 620 608	10%	124 329 700	117 979 550
Municipal Infrastructure Grant (MIG)	57 275 500	61 306 200	46 792 250	(14 513 950)	-24%	49 329 700	52 980 550
Integrated National Electrification Programme	41 160 000	45 042 442	70 177 000	25 134 558	56%	75 000 000	64 999 000
Provincial Government:	-	700 000	90 000	(610 000)	-87%	-	-
Sport and Recreation	-	700 000	90 000	(610 000)	-87%	-	-
Total Capital Transfers and Grants	98 435 500	107 048 642	117 059 250	10 010 608	9%	124 329 700	117 979 550
TOTAL RECEIPTS OF TRANSFERS & GRANTS	313 977 000	322 902 342	359 958 000	37 055 658	11%	379 075 000	389 363 000

- The grant allocation for the 2019/20 budget has increase by 11% from the 2018/19 budget.

All the grants both conditional and unconditional form part of the municipal revenue budgeted for to fund the both operating and capital budget.

OPERATING EXPENDITURE

Description	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Expenditure By Type								
Employee related costs	101 317	114 330	116 049	116 049	–	120 608	122 339	128 456
Remuneration of councillors	18 636	20 227	20 227	20 227	–	22 763	23 902	25 097
Debt impairment	(66)	5 000	5 000	5 000	–	5 500	5 775	6 064
Depreciation & asset impairment	51 771	15 548	15 548	15 548	–	30 448	33 020	34 671
Finance charges	8	–	–	–	–	–	–	–
Bulk purchases	37 197	42 000	42 000	42 000	–	47 900	50 295	52 810
Other materials	4 551	6 258	6 203	6 203	–	4 632	6 858	7 201
Contracted services	68 201	82 832	87 508	87 508	–	88 323	90 949	95 496
Transfers and subsidies	–	150	150	150	–	–	–	–
Other expenditure	34 495	51 267	54 230	54 230	–	68 119	74 569	78 298
Loss on disposal of PPE	45 641	–	–	–	–	–	–	–
Total Expenditure	361 750	337 612	346 914	346 914	–	388 292	407 707	428 092

Remarks:

The total operating budget amounts to R388, 2 million for the 2019/20 budget from adjustments budget of R346, 9 million, this is an increase of R41, million resulting from the following;

- The budget allocated for employee related costs amounts to R120, 6 million for the 2019/20, this has increase by R4, 5 million as a result of salary and wage increment of that has been effected for the 2019/20 budget as per the collective agreement.
Another contributor to the increase of the budget for this type of expenditure is the inclusion of vacant positions that need prioritisation for the 2019/20 budget.
- The remuneration of Councillors budget represents 6% of the total operating budget which amounts to R22, 7 million.
- The budget for depreciation and amortisation represents 8% of the total operating budget and amounts to R30, 4 million this has increased by R14, 9 million from the adjustments budget 2018/20.
- Bulk purchases budget amounts to R47, 9 million which represents 12% of the total operating budget, the budget for this type of expenditure has been informed by Eskom anticipated increased for the 2019/20 budget.
- Repairs and Maintenance budget amounts to R23, 4 million which represents 6% of the total operating budget, this has increased by R10, 3 million mainly due to prioritisation of repairs and maintenance of roads in the 2019/20 budget.
- The contracted services budget amounts to R64, 9 million which represents 17% of the total operating budget, this has decreased by R9, 9 million due to prioritisation of repairs and maintenance for the 2019/20 budget.

- Other material budget amounts to R4,6 million which represents 1% of the total operating budget with a R1,3 million decrease as a result of prioritisation of repairs and maintenance budget.
- The budget for other expenditure amounts to R68.1 million and represents 18% of the total operating budget.

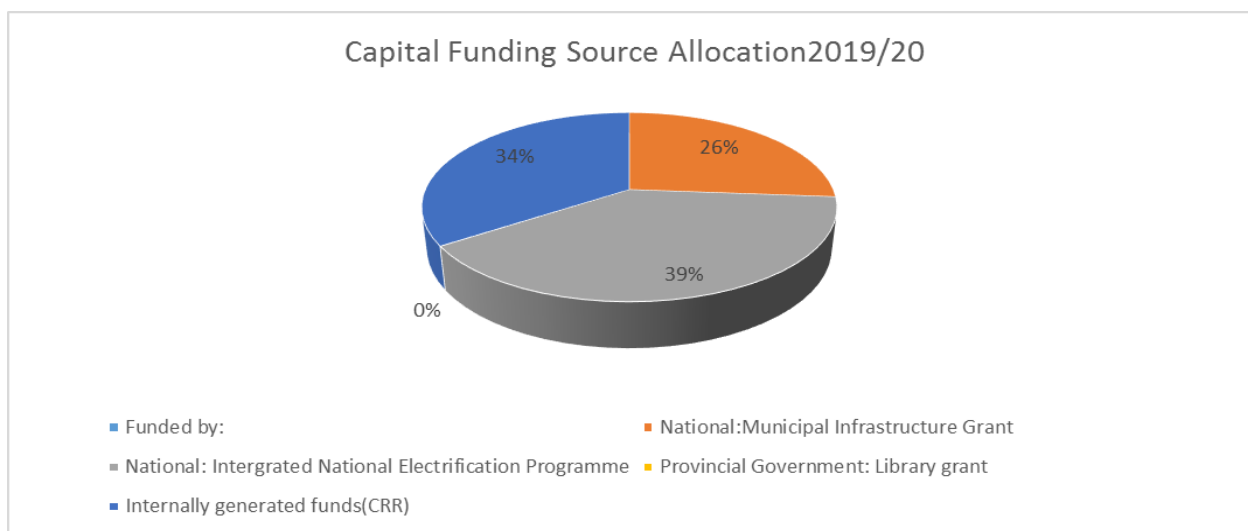
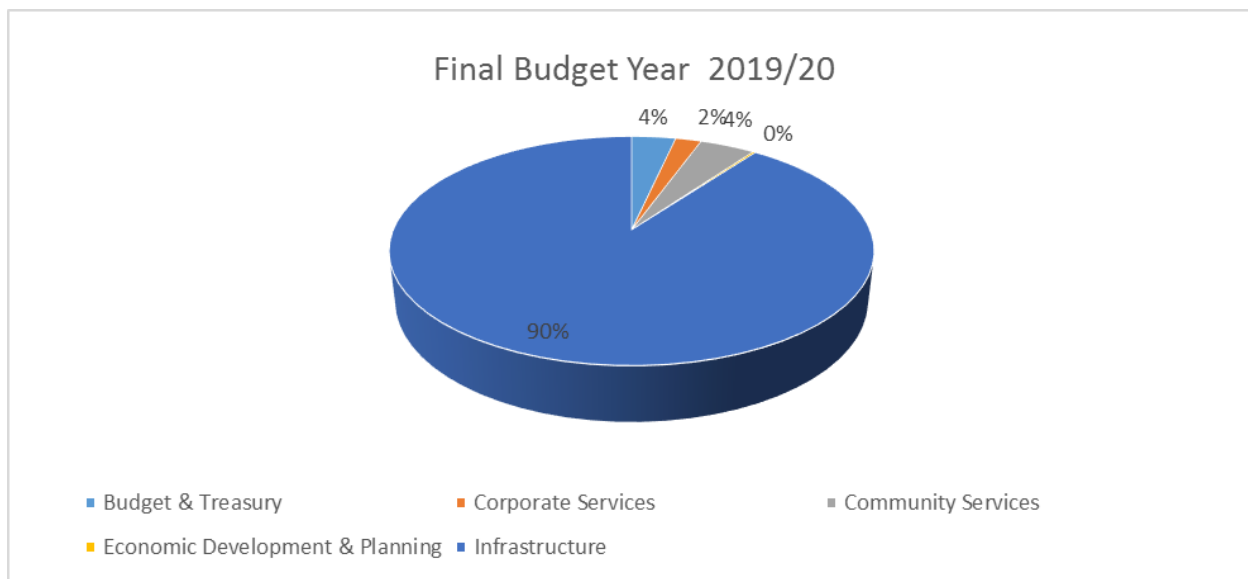
CAPITAL EXPENDITURE

Vote Description	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital Expenditure - Functional							
Governance and administration	12 150	12 150	12 150	–	10 122	9 456	9 929
Executive and council	–	–	–	–	25	28	29
Finance and administration	12 150	12 150	12 150	–	10 047	9 374	9 842
Internal audit	–	–	–	–	50	55	58
Community and public safety	2 320	3 020	3 020	–	4 480	4 268	4 481
Community and social services	230	930	930	–	1 180	1 298	1 363
Sport and recreation	–	–	–	–	–	–	–
Public safety	2 090	2 090	2 090	–	3 300	2 970	3 119
Housing	–	–	–	–	–	–	–
Health	–	–	–	–	–	–	–
Economic and environmental services	76 422	88 001	88 001	–	79 801	85 581	89 860
Planning and development	2 965	2 213	2 213	–	382	420	441
Road transport	73 457	85 788	85 788	–	79 419	85 161	89 419
Environmental protection	–	–	–	–	–	–	–
Trading services	51 190	56 872	56 872	–	83 982	92 380	96 999
Energy sources	47 610	51 492	51 492	–	80 702	88 772	93 211
Water management	–	–	–	–	–	–	–
Waste water management	–	–	–	–	–	–	–
Waste management	3 580	5 380	5 380	–	3 280	3 608	3 788
Other	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	142 082	160 043	160 043	–	178 384	191 685	201 269
Funded by:							
National Government	98 436	106 349	106 349	–	116 969	124 330	117 980
Provincial Government	–	700	700	–	90	–	–
District Municipality	–	–	–	–	–	–	–
Other transfers and grants	–	–	–	–	–	–	–
Transfers recognised - capital	98 436	107 049	107 049	–	117 059	124 330	117 980
Borrowing	–	–	–	–	–	–	–
Internally generated funds	43 647	52 995	52 995	–	61 325	67 355	83 290
Total Capital Funding	142 082	160 043	160 043	–	178 384	191 685	201 269

Remarks:

The total capital budget for 2019/20 amounts to R178, 3 million to be funded as follows;

- The municipal infrastructure grant will fund an amount of R46, 7 for the construction of road infrastructure for the 2019/20.
- The integrated electrification grant will fund an amount of R70, 1 million for rural electrification.
- The provincial allocation for Library support will fund R90 000 of the capital budget.
- The municipality will fund an amount of R61, 3 for the 2019/20 budget through its capital reserves.



Detailed Capital Budget 2019/20 Department

The capital budget per municipal departments is tabulated as below,

Executive & Council

PROJECT DESCRIPTION	REGION /WARD	BUDGET 2019/2020	CAPITAL REPLACEMENT RESERVES	MUNICIPAL INFRASTRUCTURE GRANT	INEP	LIBRARY SUPPORT
EXECUTIVE & COUNCIL						
Municipal Managers Office		25 000	25 000	-	-	-
Computers & Equipment	Administration	25 000	25 000	-	-	-
Total Executive & Council		25 000	25 000	-	-	-

Budget & Treasury

PROJECT DESCRIPTION	REGION /WARD	BUDGET 2019/2020	CAPITAL REPLACEMENT RESERVES	MUNICIPAL INFRASTRUCTURE GRANT	INEP	LIBRARY SUPPORT
BUDGET & TREASURY						
Financial Reporting & Asset Management		100 000	100 000	-	-	-
Furniture & Equipment	Administration	100 000	100 000	-	-	-
Revenue & Expenditure Management		1 150 000	1 150 000	-	-	-
Smart metering	W20 and 19	1 000 000	1 000 000	-	-	-
Computers	Administration	150 000	150 000	-	-	-
Supply Chain Management		5 000 000	5 000 000	-	-	-
Municipal Fleet	Whole of Municipality	5 000 000	5 000 000	-	-	-
		-				
TOTAL BUDGET & TREASURY		6 250 000	6 250 000	-	-	-

Other Administration

PROJECT DESCRIPTION	REGION /WARD	BUDGET 2019/2020	CAPITAL REPLACEMENT RESERVES	MUNICIPAL INFRASTRUCTURE GRANT	INEP	LIBRARY SUPPORT
OTHER ADMINISTRATION						
Legal Services	Administration	25 000	25 000			
Internal Audit		50 000	50 000	-	-	-
Computers (laptops)	Administration	50 000	50 000			
SPU & Communications		40 000	40 000	-	-	-
Video camera	Administration	15 000	15 000	-	-	-
Laptop	Administration	25 000	25 000	-	-	-
TOTAL OTHER ADMINISTRATION		115 000	115 000	-	-	-

Corporate Services

PROJECT DESCRIPTION	REGION /WARD	BUDGET 2019/2020	CAPITAL REPLACEMENT RESERVES	MUNICIPAL INFRASTRUCTURE GRANT	INEP	LIBRARY SUPPORT
CORPORATE SERVICES						
Human Resources		90 000	90 000	-	-	-
Office Chairs (Hi back)	Administration	10 000	10 000			
Laptops (05)	Administration	50 000	50 000			
Office Desks (04)	Administration	30 000	30 000			
Information Technology		3 561 551	3 561 551	-	-	-
Re-wiring of Computer network cable at LED and BTO Offices	Administration	450 000	450 000	-	-	-
Customer Care System	Administration	1 400 000	1 400 000	-	-	-
Unified Network	Administration	80 000	80 000	-	-	-
Surveillance cameras (Number Plate recognition)	Whole of Municipality	800 000	800 000	-	-	-
Procurement of Backup Switches	Administration	80 000	80 000	-	-	-
Pilot of public wi-fi at Library and town hall	Administration	150 000	150 000	-	-	-
Display Screens and Projectors	Administration	75 000	75 000	-	-	-
Computers (laptops and Desktops)	Administration	86 551	86 551	-	-	-
Computer Peripheral (mouse, keyboard, HDD)	Administration	170 000	170 000	-	-	-
Clock-in System	Administration	270 000	270 000	-	-	-
TOTAL CORPORATE SERVICES		3 651 551	3 651 551	-	-	-

Economic Development & Planning

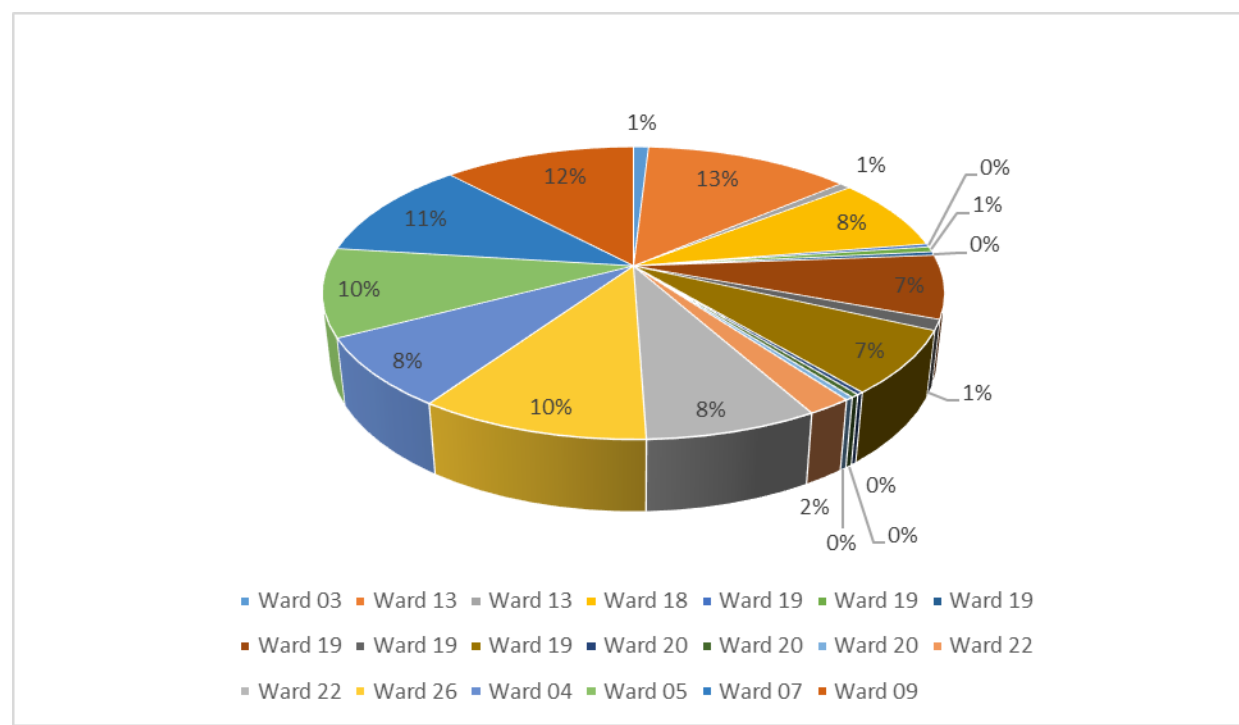
PROJECT DESCRIPTION	REGION /WARD	BUDGET 2019/2020	CAPITAL REPLACEMENT RESERVES	MUNICIPAL INFRASTRUCTURE GRANT	INEP	LIBRARY SUPPORT
PLANNING & DEVELOPMENT						
IDP		22 000	22 000	-	-	-
Computer (Laptop)	Administration	22 000	22 000	-	-	-
Local Economic Development		300 000	300 000	-	-	-
Hawker Shelter	Ward 19	300 000	300 000	-	-	-
Planning		15 000	15 000	-	-	-
CAMERA	Administration	15 000	15 000			
GIS softwares	Whole of Municipality	-				
EDP Governance		45 000	45 000	-	-	-
Laptop	Administration	25 000	25 000			
Printer	Administration	15 000	15 000			
Shredder	Administration	5 000	5 000			
TOTAL PLANNING & DEVELOPMENT		382 000	382 000	-	-	-

Community Services

PROJECT DESCRIPTION	NEW OR UPGRADE OF EXISTING	REGION /WARD	BUDGET 2019/2020	CAPITAL REPLACEMENT RESERVES	MUNICIPAL INFRASTRUCTURE GRANT	INEP	LIBRARY SUPPORT	BUDGET +/2020/2021	BUDGET +/2021/2022
COMMUNITY SERVICES									
Public Amenities			1 180 000	1 090 000	-	-	90 000	800 000	950 000
SPORTSFIELD MACHINERY / EQUIPMENT	NEW	ALL	50 000	50 000				350 000	400 000
FURNITURE & EQUIPMENT	NEW	ADMINISTRATI	10 000	10 000				150 000	200 000
FURNITURE & EQUIPMENT (GRANT)	NEW	ADMINISTRATI	10 000	-	-	-	10 000	300 000	350 000
REFURBISHMENT OF TENIS COURT	UPGRADE	20	80 000	80 000	-	-	-	-	-
REFURBISHMENT OF NETBALL COURT	UPGRADE	20	50 000	50 000	-	-	-	-	-
FENCING OF OPEN GROUNDS	UPGRADE	20	100 000	100 000	-	-	-	-	-
MUSEUM ARTIFACTS (GRANT)	NEW	19	80 000	-	-	-	80 000		
Provision of Permanent Structures: 3 Blocks Of Public Toilets	NEW	19	800 000	800 000					
Public Participation			80 000	80 000	-	-	-	190 000	140 000
Two Laptops	NEW	Public Participation	50 000	50 000				60 000	40 000
Four Desktop Computers	NEW	Public Participation	20 000	20 000				100 000	80 000
Two overhead projectors	NEW	Public Participation	10 000	10 000				30 000	20 000
Public Safety			3 300 000	3 300 000	-	-	-	-	-
Fire Engine x 1	NEW	WHOLE OF MUNICIPALITY	1 500 000	1 500 000	-	-	-	-	-
Traffic Lights (Robots)	UPGRADE	WARD 19	1 800 000	1 800 000	-	-	-	-	-
Solid Waste & Enviroment			3 280 000	3 280 000	-	-	-	8 750 000	14 290 000
Installation of Pallsade Fence in Cemeteries	Upgrade of Existing	Ward/19/26	500 000	500 000	-	-	-	550 000	600 000
Park Renovation	Upgrade of Existing	Ward 19	-	-	-	-	-	4 500 000	5 000 000
Donga Rehabilitation	New	Ward 14/10/3/19	500 000	500 000	-	-	-	850 000	900 000
Road Upgrade Landfill Site	Upgrade of Existing	Ward 20	100 000	100 000	-	-	-	150 000	250 000
Metal Waste Bins	New	Ward 19	50 000	50 000	-	-	-	-	600 000
Purchase of commonage Fence	Upgrade of Existing	Ward 26/20	50 000	50 000	-	-	-	300 000	400 000
Alien Plant Eradication in Nature Reserve	New	Ward 20	100 000	100 000	-	-	-	1 500 000	1 500 000
tourism trail in nature reserve	new	Ward 19	80 000	80 000	-	-	-		90 000
Landfill weighbridge	new	ward 19/20	1 500 000	1 500 000	-	-	-		4 000 000
Cemetery Development		ward 19/20	400 000	400 000	-	-	-	900 000	950 000
Community Governace			-					-	-
TOTAL COMMUNITY SERVICES			7 840 000	7 750 000	-	-	90 000	9 740 000	15 380 000

Infrastructure Services**Electricity**

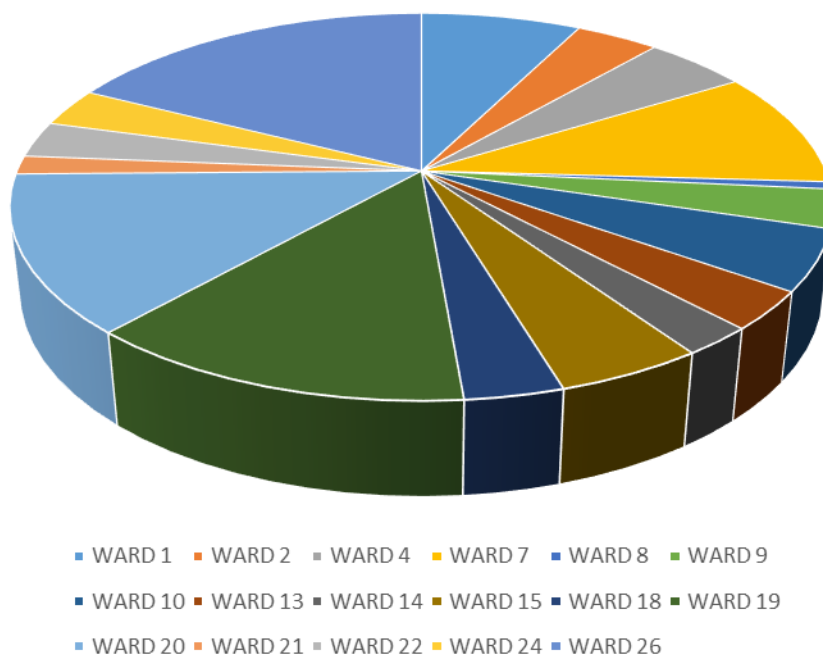
PROJECT DESCRIPTION	NEW OR UPGRADE OF EXISTING	REGION /WARD	BUDGET 2019/2020	COMMENTS
ELECTRICITY				
			80 702 000	
315 KVA Minature Subsation (Engine Garage)	Upgrade of existing	19	300 000	Upgrade
630 KVA Minature Subsation (Shopprite)	Upgrade of existing	19	500 000	Upgrade
500KVA Minature Subsation (NeWJ- Sub 24)	Upgrade of existing	19	350 000	Upgrade
3 x 100 KVA Area C	Upgrade of existing	20	250 000	Upgrade
315 KVA Minature Subsation (Mountain View Sub 16)	Upgrade of existing	20	300 000	Upgrade
2 x 630 A Ring Main Unit	Upgrade of existing	20	300 000	Upgrade
Street Lights CDB	Upgrade of existing	19	1 000 000	Upgrade
High Mast Lights	Upgrade of existing	1&20	1 500 000	Upgrade
4 x Desk Top Computers	NEW	19	25 000	New
Substation - Eskom	NEW	19	6 000 000	New
Sehlabeng	NEW	4	6 600 000	New
Mngeni	NEW	7	9 500 000	New
Lufefeni	NEW	5	8 360 000	New
Makhoba	NEW	9	10 230 000	New
Mohapi # 2	NEW	13	10 358 000	New
Qili	NEW	18	6 886 000	New
Zitapile	NEW	22	8 175 000	New
Shenxa	NEW	26	8 668 000	New
Tlakanelo link line	EXISTING		600 000	Retention
St Bernard - Bubesi	DOE	03	800 000	Retention



Project Management

PROJECT DESCRIPTION	NEW OR UPGRADE OF EXISTING	REGION /WARD	BUDGET 2019/2020	COMMENTS
Project Management and O&M			62 218 699	
Maluti Internal Streets -Phase 4	Upgrade	1	4 664 999	New
Matatiele CBD Internal Streets -Phase 2	Upgrade	19	8 075 766	New
Lagrange Pedestrian Bridge	Retention	8	125 000	Retention
Cedarville Internal Roads -Phase 3	Upgrade	26	4 835 001	New
Cedarville Sport Center	Upgrade	26	6 045 678	New
MT View Internal Streets	New	20	465 000	Retention
Harry Gwala Internal Streets	Upgrade	20	500 000	New
Sijoka Access Road	New	10	650 000	New
Extension of Matatiele Sport Center	New	20	7 204 244	New
Mabheleni AR and bridge	New	21	960 000	New
Mahangu AR and Bridge	New	9	2 000 000	New
T13-Zwelitsha Access Road	New	8	250 000	Retention
Epiphany Access Road	New	22	375 000	Retention
Nomgavu Access Road	New	18	190 000	Retention
Freystata Bridge	New	15	3 059 720	New
Nomgavu Bridge	New	18	1 860 921	New
Ngcwengane Bridge	New	7	3 030 921	New
Magonqolweni Access Road	New	10	2 500 000	New
Maralekeng Access Road	New	2	2 426 449	New
Nkasela Access Road	New	4	3 000 000	New
Mohapi Access Road And Bridge	New	13	2 000 000	New
Moiketsi Access Road	New	14	1 500 000	New
Mdeni- Manzini Access Road	New	7	3 000 000	New
Purutle to Moyeni Access Roads	New	24	2 000 000	New
Mkhemane	New	22	1 500 000	New

PROJECT ALLOCATION PER WARD



Human Settlements

PROJECT DESCRIPTION	NEW OR UPGRADE OF EXISTING	REGION /WARD	BUDGET 2019/2020
			17 200 000
Council Chambers	New	ADMIN	15 000 000
Matatiele Museum	Upgrade	Ward 19	200 000
Pound Structure			2 000 000

TOTAL BUDGET 2019/20-2021/22 MFREF

R thousand	Original Budget	Adjusted Budget	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Operating Expenditure	337 612	346 914	388 292	407 707	428 092
Capital Expenditure	142 082	160 043	178 384	191 685	201 269
Total Budget	479 694	506 958	566 676	599 392	629 361

The total budget for 2019/20 amounts to R566, 6 million with a R59,7 million increase from adjustments budget 2018/19, for the operating expenditure budget a R41,3 million increase and R18, 3 million increase for the capital budget.

TARIFF OF CHARGES

All charges excluding electricity and Refuse are proposed to increase by 5% for the 2019/20 financial year, proposed to start 1 July 2019.

Property Rates

Property rates tariff is proposed to increase by 5% for the 2019/20 financial year as follows:

Categories	Rate Randages /Rand Value – c/R	Ratio in relation to residential property
Residential property	0.010058	1:1
Farm property as defined in Section 8(2) (d)(i) and 8 (2) (f) (i) of the Act (being Farm property used for agricultural purposes and smallholdings used for agricultural purposes)	0.0025145	1: 0.25
Agricultural property used predominantly for commercial and / or industrial purposes	0.0025145	1:0.25
Smallholdings used predominantly for commercial and / or industrial purposes	0.0025145	1: 0.25
Commercial / Business properties	0.0120696	1: 1.2
Industrial properties	0.0120696	1:1.2
Public Service Infrastructure properties	0.0025145	1:0.25
Municipal properties	0.0120696	1:1.2

ASSESSMENT RATES

Residential First R65 000 exempt 40% Rebate	0.010058	5%
Vacant Land	0.020116	5%
Commercial 15% exempt Government	0.0120696 0.020116	5% 5%
Farms 70% rebate	0.0025145	5%
Industrial 15% rebate	0.0120696	5%
Municipal 100% rebate	0.0120696	5%

ELECTRICITY

The electricity tariff is proposed to increase by 13.07% as per the NERSA guideline.

REFUSE REMOVAL AND OTHER TARIFF OF CHARGES

Refuse tariffs are proposed to increase by 7% and all other tariffs are proposed to increase by 5%.

Operating Revenue Framework

For Matatiele Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 85 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as guided by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2019/20 MTREF (classified by main revenue source):

Table 1 -Summary of revenue classified by main revenue source

Description	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source								
Property rates	25 727	35 612	42 000	42 000	–	44 100	46 305	48 620
Service charges - electricity revenue	48 494	51 957	51 957	51 957	–	53 291	55 955	58 753
Service charges - water revenue	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	–	–	–	–	–	–	–	–
Service charges - refuse revenue	9 451	9 860	9 860	9 860	–	14 786	15 526	16 302
Rental of facilities and equipment	956	1 700	1 700	1 700	–	1 700	1 785	1 874
Interest earned - external investments	8 989	8 901	10 100	10 100	–	13 000	13 650	14 333
Interest earned - outstanding debtors	9 273	5 967	7 467	7 467	–	10 225	10 736	11 273
Dividends received	–	–	–	–	–	–	–	–
Fines, penalties and forfeits	1 296	2 331	2 681	2 681	–	2 094	2 198	2 308
Licences and permits	3 598	3 849	3 849	3 849	–	4 525	4 751	4 988
Agency services	–	–	–	–	–	–	–	–
Transfers and subsidies	203 590	215 542	215 855	215 855	–	242 899	258 165	274 974
Other revenue	1 442	1 897	1 447	1 447	–	1 673	1 704	1 789
Gains on disposal of PPE	298	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)	313 113	337 614	346 914	346 914	–	388 292	410 776	435 216
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	119 424	98 436	107 049	107 049	–	117 059	124 424	118 079
allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	–	43 647	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)	–	–	–	–	–	–	–	–
Capital transfers and contributions)	119 424	142 082	107 049	107 049	–	117 059	124 424	118 079
Total Revenue	432 537	479 696	453 963	453 963	–	505 352	535 200	553 294

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No.51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio to residential properties to be 1:025. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17 (h) of the MPRA). In addition to this rebate, a further R50 000 reduction on the market value of a property will be granted in terms of the municipality's own Property Rates Policy i.e. the market value less R 65 000.00;

- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a minimum total rebate of 40 per cent will be granted to owners of rateable property if the total gross income of the applicant and/or his/her spouse, if any, is the following:
 - Income not exceeding R5 000.00

In this regard the following stipulations are relevant:

- The rate-able property concerned must be occupied only by the applicant and his/her spouse.
- The applicant must submit proof of his/her age, identity and also proof of the annual income from a social pension;
- The applicant's account must be paid in full, or if not, an arrangement to the debt should be in place; and
- The property must be categorized as residential.

Additional:

- Residential properties a 40% rebate
- Properties categorized commercial 15% rebate on rates.
- Farms/ Smallholdings used for agricultural purposes 70% rebates.
- The municipality may award a 100 per cent grant in aid on the assessment rates of rate-able properties of certain
Classes such as churches, registered welfare organizations, institutions or organizations performing charitable work,
Sports grounds used for purposes of amateur sport.

In considering changes in property rates, cognizance was taken of the local economic conditions such as the gradual recovery in the property market, trends in household incomes and unemployment. Excessive increases in property rates and other tariffs are likely to be counterproductive, resulting in higher levels of non-payment and increased bad debts.

Table 2- Operating Transfers and Grant Receipts

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		183 069	176 032	190 287	214 942	214 942	214 942	242 339	254 145	270 753
Local Government Equitable Share		176 266	170 266	185 808	207 642	207 642	207 642	234 919	249 849	266 265
EPWP Incentive		1 780	1 790	2 780	3 185	3 185	3 185	1 700	1 700	1 700
Finance Management		1 600	1 625	1 699	1 700	1 700	1 700	3 257	–	–
Municipal Infrastructure Grant (MIG)		2 493	2 351	–	2 415	2 415	2 415	2 463	2 596	2 788
Municipal Systems Improvement		930	–	–	–	–	–	–	–	–
Other transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
Provincial Government:		–	–	460	600	912	–	560	600	630
Sport and Recreation		–	–	460	600	912	–	560	600	630
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]		–	–	–	–	–	–	–	–	–
Total Operating Transfers and Grants	5	183 069	176 032	190 747	215 542	215 854	214 942	242 899	254 745	271 383
Capital Transfers and Grants										
National Government:		77 374	127 012	122 175	98 436	106 349	106 349	116 969	124 330	117 980
Municipal Infrastructure Grant (MIG)		47 374	47 012	46 057	57 276	61 306	61 306	46 792	49 330	52 981
Integrated National Electrification Programme		30 000	80 000	76 118	41 160	45 042	45 042	70 177	75 000	64 999
Provincial Government:		–	–	9 306	–	700	–	90	–	–
ELECTRIFICATION SUPPORT		–	–	9 306	–	700	–	90	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
IDP SUPPORT		–	–	–	–	–	–	–	–	–
Other grant providers:		–	11 559	787	–	–	–	–	–	–
[insert description]		–	11 559	787	–	–	–	–	–	–
Total Capital Transfers and Grants	5	77 374	138 571	132 268	98 436	107 049	106 349	117 059	124 330	117 980
TOTAL RECEIPTS OF TRANSFERS & GRANTS		260 443	314 603	323 014	313 977	322 902	321 290	359 958	379 075	389 363

The municipality operational grants budget amounts to R242, 899 million for 2019/2020, included in this amount is the equitable share allocation, the operational grants budget equates to 48% of the total revenue budget.

Table 3 Comparison of rated levies for the 2019/20 financial year

CATEGORY	CURRENT TARIFF 2018/2019	PROPOSED TARIFF (EFFECTIVE FROM 1ST JULY 2019)
Residential	0.0095791	0.009297
Vacant Land	0.019158	0.019905
Commercial	0.0115	0.010948
Farms	0.0023948	0.002324
Government	0.919158	0.019905
Industrial	0.0023948	0.010948
Municipal	0.0115	0.010948

Table 4 Comparison between current electricity charges and increases

	WITHOUT VAT	Current Tariff VAT Excluded 2018/2019	Increase for 2019/2020	New Tariff VAT Excluded 2019/2020
6.1	Scale 1: Domestic Consumers			
(a)	Basic charge, single or three phase per household per month. Plus the following kWh charges per month.	R 384.30	13.07%	R 434.53
	0-50	R 0.85	13.07%	R 0.96
	51-350	R 1.11	13.07%	R 1.25
	351-600	R 1.57	13.07%	R 1.77
	600 over	R 1.88	13.07%	R 2.12
(b)	Scale 2: Commercial & Other Consumers			
	Basic charge of consumers with the following kVA installed per month			
	0 - 25 KVA	R 433.21	13.07%	R 489.84
	26 - 64 KVA	R 1 588.65	13.07%	R 1 796.28
	65 KVA and more	R 9 295.51	13.07%	R 10 510.43
	plus the following kWh charge per month:			R -
	0 - 2000 kWh	R 1.70	13.07%	R 1.92
	2000 - and more	R 1.70	13.07%	R 1.92
(c)	Scale 3: Pre-Paid Metre Units			
	Domestic:			
	0-50	R 0.84	13.07%	R 0.95
	51-350	R 1.10	13.07%	R 1.24
	351-600	R 1.56	13.07%	R 1.76
	600 over	R 1.87	13.07%	R 2.11
	Commercial:			
	0 - 2000 kWh	R 1.70	13.07%	R 1.92
	2000 - and more	R 1.70	13.07%	R 1.92

Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are repairs and maintenance on vehicles, increases in general expenditure such as fuel and oil and the employee related cost.

A 5 per cent increase in the waste tariff is proposed from for the 2019/20 budget year.

The following table compares current and proposed amounts payable for the 2019/20 MTREF

Table 6 Comparison between current waste removal fees and increases

	WITHOUT VAT	Current Tariff VAT Excluded 2018/2019	Increase for 2019/2020	New Tariff VAT Excluded 2019/2020
1.1	<i>Domestic Removals</i>			
(a)	Every owner or occupier of premises from which refuse is removed twice weekly shall pay the Council a fee of per bag per month.	R 123.89	7%	R 132.56
1.2	<i>Commercial Removals</i>			
(a)	Each individual/separate business shall be charged a basic service charge per month.	R 185.82	7%	R 198.83
1.3	In addition to 1.2 every owner or occupier of business premises from which refuse is removed, shall pay the Council a fee of per bag per month, removal twice weekly.	R 185.82	7%	R 198.83
1.4	Provided that Council may at any time conclude separate agreements with commercial users who require that refuse be removed more than twice a week. The above tariff shall be the applicable tariff.			
1.5	<i>Removal from Separate Consumers on same Premises</i>			
	Where refuse is removed from shops and dwellings or flats situated on the same premises such shops and dwellings or flats shall be regarded as separately occupied buildings, and the charges for the removal of refuse shall be as prescribed in applicable scales.			
1.6	<i>Availability Charge</i>			R -
	A availability fee , is charged to any vacant commercial erven located in the town areas of Cedarville, Matatiele and Maluti.	R 210.00	7%	R 224.70
	A availability fee , is charged to any vacant domestic erven located in the town areas of Cedarville, Matatiele and Maluti.	R 105.00	7%	R 112.35

1.3.1 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household bills has been kept between 5 and 7 per cent.

Table 7 EC441 MATATIELE LOCAL MUNICIPALITY Table SA14 – Household bills

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		307.35	322.72	355.79	355.79	355.79	355.79	5.0%	373.58	392.26	411.87
Electricity: Basic levy		208.78	219.21	247.76	247.76	247.76	247.76	13.1%	280.14	297.17	321.10
Electricity: Consumption		628.15	659.56	745.45	745.45	745.45	745.45	13.1%	842.88	894.13	955.38
Water: Basic levy		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Water: Consumption		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sanitation		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Refuse removal											
Other		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
sub-total		1 144.28	1 201.49	1 349.00	1 349.00	1 349.00	1 349.00	10.9%	1 496.60	1 583.56	1 688.34
VAT on Services											
Total large household bill:		1 144.28	1 201.49	1 349.00	1 349.00	1 349.00	1 349.00	10.9%	1 496.60	1 583.56	1 688.34
% increase/-decrease			5.0%	12.3%	-	-	-		10.9%	5.8%	6.6%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		307.35	322.72	355.79	0.05	0.05	0.05	5.0%	0.05	0.06	0.06
Electricity: Basic levy		208.78	219.21	247.76	0.07	0.07	0.07	13.1%	0.08	0.08	0.09
Electricity: Consumption		628.15	659.56	745.45	-	-	-	13.1%	-	-	-
Water: Basic levy		-	-	-	-	-	-				
Water: Consumption		-	-	-	-	-	-				
Sanitation		-	-	-	-	-	-				
Refuse removal		-	50.85	117.99	0.05	0.05	0.05				
Other											
sub-total		1 144.28	1 252.35	1 466.99	0.17	0.17	0.17	(0.23)	0.13	0.14	0.15
VAT on Services											
Total small household bill:		1 144.28	1 252.35	1 466.99	0.17	0.17	0.17	(0.23)	0.13	0.14	0.15
% increase/-decrease			9.4%	17.1%	(100.0%)	-	-		(23.0%)	5.6%	6.8%
				0.81	(6.83)	(100.0%)	-				
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates		30 000.00	30 000.00	30 000.00	55 000.00	55 000.00	55 000.00	18.2%	65 000.00	65 000.00	65 000.00
Electricity: Basic levy											
Electricity: Consumption		50.00	50.00	50.00	50.00	50.00	50.00	-	50.00	50.00	50.00
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal		69 346.37	72 813.69	76 454.37	117.99	117.99	117.99	23.1%	145.19	145.19	145.19
Other											
sub-total		99 396.37	102 863.69	106 504.37	55 167.99	55 167.99	55 167.99	18.2%	65 195.19	65 195.19	65 195.19
VAT on Services											
Total small household bill:		99 396.37	102 863.69	106 504.37	55 167.99	55 167.99	55 167.99	18.2%	65 195.19	65 195.19	65 195.19
% increase/-decrease			3.5%	3.5%	(48.2%)	-	-		18.2%	-	-

Operating Expenditure Framework

The Municipality's expenditure framework for the 2019/20 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- Strict adherences to the principle of no project plan no budget. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2019/20 budget and MTREF (classified per main type of operating expenditure):

Table 8 Summary of operating expenditure by standard classification item

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source											
Expenditure By Type											
Employee related costs	2	80 676	86 312	101 317	36 730	116 049	116 049	-	120 608	122 339	128 456
Remuneration of councillors		16 875	16 987	18 636	20 227	20 227	20 227	-	22 763	23 902	25 097
Debt impairment	3	6 682	1 194	(66)	5 000	5 000	5 000	-	5 500	5 775	6 064
Depreciation & asset impairment	2	22 850	32 720	51 771	15 548	15 548	15 548	-	30 448	33 020	34 671
Finance charges		5	42	8	-	-	-	-	-	-	-
Bulk purchases	2	34 111	36 714	37 197	42 000	42 000	42 000	-	47 900	50 295	52 810
Other materials	8	-	2 182	4 551	6 258	6 203	6 203	-	4 632	6 857	7 200
Contracted services		15 099	64 700	68 201	82 832	87 508	87 508	-	88 323	90 949	95 497
Transfers and subsidies		18 517	-	-	150	150	150	-	-	-	-
Other expenditure	4, 5	66 015	42 927	34 495	51 267	54 230	54 230	-	68 119	74 569	78 298
Loss on disposal of PPE		-	208	45 641	-	-	-	-	-	-	-
Total Expenditure		260 831	283 986	361 750	260 012	346 914	346 914	-	388 292	407 706	428 092

The budgeted allocation for employee related costs for the 2019/20 financial year totals R120, 6 million, which equals 31 per cent of the total operating expenditure. The municipality has estimated an increase of 8 % for the 2019/2020.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 85 per cent and the Debt Write-off Policy of the Municipality. For the 2019/20 financial year this amount equates to R5,5 million and escalates to R6, million by 2021/22. While this expenditure is

considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R30, 4 million for the 2019/20 financial and equates to 8 per cent of the total operating expenditure.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other material comprises of amongst others materials for maintenance.

For 2019/20 budget year the appropriation against this group of expenditure is by 2 per cent and continues to grow at 3 and 5 per cent for the two outer years.

Other expenditure comprises of various line items relating to the daily operations of the municipality. The appropriation for this group of expenditures equates to 15 per cent for 2019/20.

1.3.2 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2019/20 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services.

The table below provides a breakdown of the repairs and maintenance in relation expenditure items:

Table 9 Repairs and maintenance by expenditure item

Description	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand						
Repairs and maintenance expenditure by Asset Class/Sub-class						
Infrastructure	6 770	6 770	–	5 457	5 310	5 575
Roads Infrastructure	6 770	6 770	–	5 457	5 310	5 575
Roads	6 770	6 770	–	5 457	5 310	5 575
Operational Buildings	2 800	3 560	–	3 510	3 791	3 980
Municipal Offices	2 750	3 560	–	3 510	3 791	3 980
Pay/Enquiry Points	–	–	–	–	–	–
Building Plan Offices	–	–	–	–	–	–
Workshops	–	–	–	–	–	–
Yards	50	–	–	–	–	–
Machinery and Equipment	2 180	2 550	–	1 550	557	584
Total Repairs and Maintenance Expenditure	12 710	13 940	–	24 017	25 218	26 479

For the 2019/20 financial year repairs and maintenance is budgeted at R24, million this equates to 6 % of the total operating budget, this increase to R26 million in the 2021/22 outer year.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent

Policy. The target is to register 19 000 or more indigent households during the 2019/2020 financial year, a process reviewed annually.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.4 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 10 2019/20 Medium-term capital budget per function

Vote Description	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
Capital Expenditure - Functional							
Governance and administration	12 150	12 150	1 311	1 994	10 122	9 456	9 929
Executive and council	–	–	–	–	25	28	29
Finance and administration	12 150	12 150	1 311	1 994	10 047	9 374	9 842
Internal audit	–	–	–	–	50	55	58
Community and public safety	2 320	3 020	183	45	4 480	4 268	4 481
Community and social services	230	930	–	–	1 180	1 298	1 363
Sport and recreation	–	–	–	–	–	–	–
Public safety	2 090	2 090	183	45	3 300	2 970	3 119
Housing	–	–	–	–	–	–	–
Health	–	–	–	–	–	–	–
Economic and environmental services	76 422	88 001	89 895	48 225	79 801	85 581	89 860
Planning and development	2 965	2 213	1 412	243	382	420	441
Road transport	73 457	85 788	88 484	47 982	79 419	85 161	89 419
Environmental protection	–	–	–	–	–	–	–
Trading services	51 190	56 872	52 800	108 392	83 982	92 380	96 999
Energy sources	47 610	51 492	52 800	106 767	80 702	88 772	93 211
Water management	–	–	–	–	–	–	–
Waste water management	–	–	–	–	–	–	–
Waste management	3 580	5 380	–	1 625	3 280	3 608	3 788
Other	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	142 082	160 043	144 189	158 656	178 384	191 685	201 269

The total capital expenditure budget for the 2019/20 budget year amounts R174, 259 million, this will be funded as follow;

Source of Funding	Budget 2019/20	% allocation
Municipal Infrastructure Grant	R 46 792 250	26.%
Integrated National Electrification Programme	R 70 177 000	39.%
Capital Replacement Reserve	R 61 325 000	34.%
Library Support	R90 000	0.05%

1.5 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2019/20 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 11 MBRR Table A1 - Budget Summary

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousands										
Financial Performance										
Property rates	24 194	25 919	25 727	35 612	42 000	42 000	–	44 100	46 305	48 620
Service charges	54 645	56 290	57 945	61 816	61 816	61 816	–	68 077	71 481	75 055
Investment revenue	4 279	7 061	8 989	8 901	10 100	10 100	–	13 000	13 650	14 333
Transfers recognised - operational	182 560	170 764	186 586	215 542	215 855	215 855	–	242 899	258 165	274 974
Other own revenue	12 695	19 618	16 567	15 743	17 143	17 143	–	20 216	21 174	22 233
Total Revenue (excluding capital transfers and contributions)	278 373	279 653	295 814	337 614	346 914	346 914	–	388 292	410 776	435 215
Employee costs	80 676	86 312	101 317	36 730	116 049	116 049	–	120 608	122 339	128 456
Remuneration of councillors	16 875	16 987	18 636	20 227	20 227	20 227	–	22 763	23 902	25 097
Depreciation & asset impairment	22 850	32 720	51 771	15 548	15 548	15 548	–	30 448	33 020	34 671
Finance charges	5	42	8	–	–	–	–	–	–	–
Materials and bulk purchases	34 111	38 896	41 748	48 258	48 203	48 203	–	52 532	57 152	60 010
Transfers and grants	18 517	–	–	150	150	150	–	–	–	–
Other expenditure	87 797	109 029	148 270	139 099	146 737	146 737	–	161 942	171 293	179 858
Total Expenditure	260 831	283 986	361 750	260 012	346 914	346 914	–	388 292	407 706	428 092
Surplus/(Deficit)	17 542	(4 334)	(65 936)	77 603	0	0	–	0	3 069	7 124
Transfers and subsidies - capital (monetary allocation)	82 226	143 839	136 428	98 435	107 049	107 049	–	117 059	124 424	118 079
Contributions recognised - capital & contributed assets	–	–	–	43 647	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	99 768	139 505	70 492	219 684	107 049	107 049	–	117 059	127 493	125 202
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	99 768	139 505	70 492	219 684	107 049	107 049	–	117 059	127 493	125 202
Capital expenditure & funds sources										
Capital expenditure	101 503	139 948	137 438	142 082	160 019	160 019	–	178 384	191 685	201 269
Transfers recognised - capital	101 503	119 568	137 438	98 436	107 049	107 049	–	117 059	128 765	135 203
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	–	20 380	–	43 647	52 971	52 971	–	61 325	62 920	66 066
Total sources of capital funds	101 503	139 948	137 438	142 082	160 019	160 019	–	178 384	191 685	201 269
Financial position										
Total current assets	92 612	131 188	188 093	69 103	69 103	69 103	–	210 603	210 180	226 171
Total non current assets	704 315	820 749	940 377	911 917	911 917	911 917	–	1 144 736	1 195 895	1 165 929
Total current liabilities	35 273	41 435	64 628	35 533	44 459	44 459	–	37 821	58 693	59 710
Total non current liabilities	24 442	25 262	27 767	26 948	26 948	26 948	–	29 114	29 114	29 114
Community wealth/Equity	737 211	885 240	1 036 076	918 540	909 613	909 613	–	1 288 405	1 318 269	1 303 277
Cash flows										
Net cash from (used) operating	119 092	169 885	182 017	118 985	44 045	44 045	–	125 951	137 883	136 111
Net cash from (used) investing	(101 169)	(146 258)	(134 060)	(98 435)	(147 788)	(147 788)	–	(125 574)	(134 228)	(140 940)
Net cash from (used) financing	–	–	–	–	–	–	–	301	(301)	–
Cash/cash equivalents at the year end	48 411	71 912	119 869	26 387	16 126	16 126	–	132 935	136 289	131 459
Cash backing/surplus reconciliation										
Cash and investments available	48 411	71 912	119 869	42 242	42 242	42 242	–	127 134	128 518	127 512
Application of cash and investments	(11 276)	(5 003)	3 316	10 252	22 184	22 184	–	(66 431)	(43 966)	(58 357)
Balance - surplus (shortfall)	59 687	76 914	116 553	31 990	20 058	20 058	–	193 565	172 484	185 869
Asset management										
Asset register summary (WDV)	704 315	813 340	860 041	978 312	996 499	996 499	996 499	1 038 153	1 048 783	1 068 197
Depreciation	22 850	32 720	51 771	15 548	15 548	15 548	15 548	30 448	30 448	33 020
Renewal and Upgrading of Existing Assets	–	–	–	–	–	–	–	8 230	4 103	4 308
Repairs and Maintenance	–	–	12 490	12 710	12 710	–	–	24 017	10 707	11 242
Free services										
Cost of Free Basic Services provided	–	–	–	–	–	–	–	–	–	–
Revenue cost of free services provided	–	–	–	19 274	19 274	19 274	19 274	19 274	20 238	21 250
Households below minimum service level										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	0	0	–	–
Refuse:	–	–	–	–	–	–	5	5	6	6

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. These places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2019/20, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 12 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Functional Classification Description R thousand	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue - Functional										
<i>Governance and administration</i>		200 755	367 201	231 253	305 239	270 680	270 680	304 530	322 855	342 836
Executive and council		—	—	—	—	—	—	—	—	—
Finance and administration		200 755	367 201	231 253	305 239	270 680	270 680	304 530	322 855	342 836
Internal audit		—	—	—	—	—	—	—	—	—
<i>Community and public safety</i>		21 083	—	4 500	9 185	10 197	10 197	11 026	11 537	12 114
Community and social services		14 702	—	41	4 785	5 797	5 797	4 937	5 143	5 401
Sport and recreation		586	—	—	—	—	—	—	—	—
Public safety		5 130	—	4 459	4 400	4 400	4 400	6 089	6 394	6 713
Housing		665	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—
<i>Economic and environmental services</i>		1 413	—	47 651	61 730	65 661	65 661	50 815	53 564	57 489
Planning and development		1 413	—	638	625	525	525	145	152	160
Road transport		—	—	47 013	61 105	65 136	65 136	50 670	53 412	57 329
Environmental protection		—	—	—	—	—	—	—	—	—
<i>Trading services</i>		137 348	56 290	148 838	103 543	107 425	107 425	138 981	147 244	140 855
Energy sources		137 348	47 633	139 287	93 631	97 513	97 513	124 132	131 653	124 484
Water management		—	—	—	—	—	—	—	—	—
Waste water management		—	—	—	—	—	—	—	—	—
Waste management		—	8 657	9 551	9 912	9 912	9 912	14 849	15 591	16 371
<i>Other</i>	4	—	—	—	—	—	—	—	—	—
Total Revenue - Functional	2	360 599	423 491	432 242	479 696	453 963	453 963	505 352	535 200	553 294
Expenditure - Functional										
<i>Governance and administration</i>		117 387	283 987	198 118	183 264	190 219	190 219	231 762	246 759	259 097
Executive and council		32 669	—	29 197	29 282	29 854	29 854	31 926	33 624	35 305
Finance and administration		84 719	283 987	166 012	153 981	160 366	160 366	195 928	209 305	219 771
Internal audit		—	—	2 909	—	—	—	3 908	3 830	4 022
<i>Community and public safety</i>		46 913	—	15 643	25 623	28 189	28 189	31 101	30 880	32 424
Community and social services		22 169	—	1 958	9 491	11 254	11 254	12 259	12 552	13 180
Sport and recreation		8 473	—	—	—	—	—	—	—	—
Public safety		13 472	—	13 685	16 132	16 936	16 936	18 842	18 327	19 244
Housing		2 798	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—
<i>Economic and environmental services</i>		16 205	—	84 490	60 986	61 022	61 022	48 631	48 512	50 938
Planning and development		16 205	—	15 518	20 024	19 034	19 034	22 054	21 245	22 307
Road transport		—	—	68 972	40 962	41 988	41 988	26 577	27 268	28 631
Environmental protection		—	—	—	—	—	—	—	—	—
<i>Trading services</i>		80 326	—	63 499	67 739	67 484	67 484	76 798	81 555	85 633
Energy sources		80 326	—	51 639	49 750	49 844	49 844	56 551	58 501	61 426
Water management		—	—	—	—	—	—	—	—	—
Waste water management		—	—	—	—	—	—	—	—	—
Waste management		—	—	11 860	17 990	17 640	17 640	20 247	23 054	24 207
<i>Other</i>	4	—	—	—	—	—	—	—	—	—
Total Expenditure - Functional	3	260 831	283 987	361 750	337 612	346 914	346 914	388 292	407 707	428 092
Surplus/(Deficit) for the year		99 769	139 504	70 492	142 084	107 049	107 049	117 059	127 493	125 202

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures.

Table 13 Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote	1									
Vote 1 - Executive and council		–	–	–	–	–	–	–	–	–
Vote 2 - Budget and Admin		200 584	367 201	231 055	305 239	270 680	270 680	304 180	322 488	342 451
Vote 3 - Corporate		171	–	198	–	–	–	350	368	386
Vote 4 - Development and Planning		1 413	–	638	625	525	525	145	152	160
Vote 5 - Community		21 083	8 657	14 051	19 097	20 109	20 109	25 875	27 128	28 484
Vote 6 - Infrastructure		137 348	47 633	186 300	154 736	162 649	162 649	174 802	185 065	181 814
Total Revenue by Vote	2	360 599	423 491	432 242	479 696	453 963	453 963	505 352	535 200	553 294
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive and council		32 669	–	34 435	29 282	29 854	29 854	31 926	33 624	35 305
Vote 2 - Budget and Admin		48 200	283 987	132 302	85 376	87 291	87 291	130 488	141 185	148 244
Vote 3 - Corporate		36 518	–	36 619	65 266	69 496	69 496	65 439	68 120	71 526
Vote 4 - Development and Planning		16 205	–	84 490	20 024	19 034	19 034	22 054	21 245	22 307
Vote 5 - Community		46 913	–	15 643	43 613	45 829	45 829	51 348	53 933	56 630
Vote 6 - Infrastructure		80 326	–	63 499	90 712	91 832	91 832	83 128	85 769	90 058
Vote 7 - Internal Audit		–	–	2 909	3 339	3 579	3 579	3 908	3 830	4 022
Total Expenditure by Vote	2	260 831	283 987	369 896	337 612	346 914	346 914	388 292	407 707	428 092
Surplus/(Deficit) for the year	2	99 769	139 504	62 346	142 084	107 049	107 049	117 059	127 493	125 202

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table 14 Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source											
Property rates	2	24 194	25 919	25 727	35 612	42 000	42 000	–	44 100	46 305	48 620
Service charges - electricity revenue	2	47 025	47 633	48 494	51 957	51 957	51 957	–	53 291	55 955	58 753
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	7 619	8 657	9 451	9 860	9 860	9 860	–	14 786	15 526	16 302
Rental of facilities and equipment		588	732	956	1 700	1 700	1 700	–	1 700	1 785	1 874
Interest earned - external investments		4 279	7 061	8 989	8 901	10 100	10 100	–	13 000	13 650	14 333
Interest earned - outstanding debtors		5 393	7 206	9 273	5 967	7 467	7 467	–	10 225	10 736	11 273
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		2 737	802	1 296	2 331	2 681	2 681	–	2 094	2 198	2 308
Licences and permits		2 395	3 793	3 598	3 849	3 849	3 849	–	4 525	4 751	4 988
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies		182 560	170 764	186 586	215 542	215 855	215 855	–	242 899	258 165	274 974
Other revenue	2	1 868	7 085	1 444	1 897	1 447	1 447	–	1 673	1 704	1 789
Gains on disposal of PPE		(286)	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		278 373	279 653	295 814	337 614	346 914	346 914	–	388 292	410 776	435 215
Expenditure By Type											
Employee related costs	2	80 676	86 312	101 317	36 730	116 049	116 049	–	120 608	122 339	128 456
Remuneration of councillors		16 875	16 987	18 636	20 227	20 227	20 227	–	22 763	23 902	25 097
Debt impairment	3	6 682	1 194	(66)	5 000	5 000	5 000	–	5 500	5 775	6 064
Depreciation & asset impairment	2	22 850	32 720	51 771	15 548	15 548	15 548	–	30 448	33 020	34 671
Finance charges		5	42	8	–	–	–	–	–	–	–
Bulk purchases	2	34 111	36 714	37 197	42 000	42 000	42 000	–	47 900	50 295	52 810
Other materials	8	–	2 182	4 551	6 258	6 203	6 203	–	4 632	6 857	7 200
Contracted services		15 099	64 700	68 201	82 832	87 508	87 508	–	88 323	90 949	95 497
Transfers and subsidies		18 517	–	–	150	150	150	–	–	–	–
Other expenditure	4, 5	66 015	42 927	34 495	51 267	54 230	54 230	–	68 119	74 569	78 298
Loss on disposal of PPE		–	208	45 641	–	–	–	–	–	–	–
Total Expenditure		260 831	283 986	361 750	260 012	346 914	346 914	–	388 292	407 706	428 092
Surplus/(Deficit)											
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		17 542	(4 334)	(65 936)	77 603	0	0	–	0	3 069	7 124
allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)	6	82 226	143 839	136 428	98 435	107 049	107 049	–	117 059	124 424	118 079
Transfers and subsidies - capital (in-kind - all)		–	–	–	43 647	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		99 768	139 505	70 492	219 684	107 049	107 049	–	117 059	127 493	125 202
Taxation		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		99 768	139 505	70 492	219 684	107 049	107 049	–	117 059	127 493	125 202
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		99 768	139 505	70 492	219 684	107 049	107 049	–	117 059	127 493	125 202
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year		99 768	139 505	70 492	219 684	107 049	107 049	–	117 059	127 493	125 202

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R388,2 million (excluding capital and escalates to R435,2, million by 2021/22.
2. Revenue to be generated from property rates is R44, 1 million in the 2019/20 financial year and increases to R48,6 million by 2021/22 which represents 11 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality's own revenue.

3. Services charges relating to electricity and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R68, million for the 2019/20 financial year and increasing to R75, million by 2021/22. For the 2019/20 financial year services charges amount to 18 per cent of the total revenue base. This growth can mainly be attributed to the increase in the bulk prices of electricity.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. The percentage share of this revenue source increases each year as per the allocations on the DORA.
5. Bulk purchases amounts to R47 million and increases to R52 million for 2021/22. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom.
6. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 15 Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive and council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Admin		-	2 359	-	-	-	-	-	-	-	-
Vote 3 - Corporate		-	-	-	-	-	-	-	-	-	-
Vote 4 - Development and Planning		-	-	-	-	-	-	-	-	-	-
Vote 5 - Community		-	3 141	-	-	-	-	-	-	-	-
Vote 6 - Infrastructure		-	133 330	-	-	-	-	-	83 982	92 380	96 999
Vote 7 - Internal Audit		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	138 830	-	-	-	-	-	83 982	92 380	96 999
Single-year expenditure to be appropriated	2										
Vote 1 - Executive and council		-	-	1	-	-	-	-	25	28	29
Vote 2 - Budget and Admin		42	-	1 330	6 735	6 735	92	-	6 315	5 269	5 532
Vote 3 - Corporate		2 127	-	151	5 415	5 415	1 219	-	3 732	4 105	4 310
Vote 4 - Development and Planning		1 399	-	62	2 965	2 213	1 412	-	382	420	441
Vote 5 - Community		9 576	-	181	5 300	7 650	183	-	7 680	7 788	8 177
Vote 6 - Infrastructure		88 337	-	89 235	121 067	137 280	141 284	-	76 219	81 641	85 723
Vote 7 - Internal Audit		23	-	47	-	-	-	-	50	55	58
Capital single-year expenditure sub-total		101 503	-	91 006	141 482	159 293	144 189	-	94 402	99 305	104 270
Total Capital Expenditure - Vote		101 503	138 830	91 006	141 482	159 293	144 189	-	178 384	191 685	201 269
Capital Expenditure - Functional											
Governance and administration		2 200	14 959	1 336	12 150	12 150	12 150	-	10 122	9 456	9 929
Executive and council		23	1 106	-	-	-	-	-	25	28	29
Finance and administration		24	12 510	29	12 150	12 150	12 150	-	10 047	9 374	9 842
Internal audit		2 153	1 343	1 307	-	-	-	-	50	55	58
Community and public safety		26 392	3 141	-	2 320	3 020	3 020	-	4 480	4 268	4 481
Community and social services		6 047	2 347	-	230	930	930	-	1 180	1 298	1 363
Sport and recreation		673	-	-	-	-	-	-	-	-	-
Public safety		2 856	794	-	2 090	2 090	2 090	-	3 300	2 970	3 119
Housing		16 816	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		1 415	48 481	65	76 422	87 977	87 977	-	79 801	85 581	89 860
Planning and development		1 415	1 016	-	2 965	2 189	2 189	-	382	420	441
Road transport		-	47 465	65	73 457	85 788	85 788	-	79 419	85 161	89 419
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		71 496	73 368	136 037	51 190	56 872	56 872	-	83 982	92 380	96 999
Energy sources		71 496	73 368	136 037	47 610	51 492	51 492	-	80 702	88 772	93 211
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	5 380	5 380	-	-	-	-
Waste management		-	-	-	3 580	-	-	-	3 280	3 608	3 788
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	101 503	139 948	137 438	142 082	160 019	160 019	-	178 384	191 685	201 269
Funded by:											
National Government		101 503	110 568	137 438	98 436	106 349	106 349	-	116 969	128 666	135 099
Provincial Government		-	9 000	-	-	700	700	-	90	99	104
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	101 503	119 568	137 438	98 436	107 049	107 049	-	117 059	128 765	135 203
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	20 380	-	43 647	52 971	52 971	-	61 325	62 920	66 066
Total Capital Funding	7	101 503	139 948	137 438	142 082	160 019	160 019	-	178 384	191 685	201 269

Notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

- Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
- The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations..

3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.

The capital programme is funded from capital and provincial grants and transfers, public contributions and donations and internally generated funds from current year surpluses. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 16 MBRR Table A6 -Budgeted Financial Position

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
ASSETS											
Current assets											
Cash		48 411	71 912	119 869	19 845	19 845	19 845	–	3 690	3 875	4 068
Call investment deposits	1	–	–	–	22 397	22 397	22 397	–	123 444	124 644	123 444
Consumer debtors	1	31 724	41 662	55 518	12 914	12 914	12 914	–	68 231	69 531	86 473
Other debtors		11 512	7 795	11 734	12 933	12 933	12 933	–	14 206	11 099	11 154
Current portion of long-term receivables		–	9 150	–	–	–	–	–	–	–	–
Inventory	2	966	670	974	1 014	1 014	1 014	–	1 032	1 032	1 032
Total current assets		92 612	131 188	188 093	69 103	69 103	69 103	–	210 603	210 180	226 171
Non current assets											
Long-term receivables		–	–	–	–	–	–	–	–	–	–
Investments		–	–	–	–	–	–	–	–	–	–
Investment property		21 614	20 457	20 020	22 695	22 695	22 695	–	21 221	22 282	23 396
Investment in Associate		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	682 280	797 779	918 736	888 780	888 780	888 780	–	1 121 717	1 171 717	1 140 458
Biological		–	–	–	–	–	–	–	–	–	–
Intangible		421	2 513	1 621	442	442	442	–	1 719	1 897	2 075
Other non-current assets		–	–	–	–	–	–	–	80	–	–
Total non current assets		704 315	820 749	940 377	911 917	911 917	911 917	–	1 144 736	1 195 895	1 165 929
TOTAL ASSETS		796 926	951 937	1 128 471	981 020	981 020	981 020	–	1 355 340	1 406 076	1 392 100
LIABILITIES											
Current liabilities											
Bank overdraft	1	–	–	–	–	–	–	–	–	–	–
Borrowing	4	–	–	–	–	–	–	–	–	–	–
Consumer deposits		279	282	291	398	398	398	–	301	316	332
Trade and other payables	4	33 816	39 968	63 526	34 737	43 663	43 663	–	36 607	57 457	58 456
Provisions		1 179	1 185	811	398	398	398	–	912	920	922
Total current liabilities		35 273	41 435	64 628	35 533	44 459	44 459	–	37 821	58 693	59 710
Non current liabilities											
Borrowing		–	–	–	–	–	–	–	–	–	–
Provisions		24 442	25 262	27 767	26 948	26 948	26 948	–	29 114	29 114	29 114
Total non current liabilities		24 442	25 262	27 767	26 948	26 948	26 948	–	29 114	29 114	29 114
TOTAL LIABILITIES		59 715	66 698	92 395	62 480	71 407	71 407	–	66 934	87 807	88 823
NET ASSETS	5	737 211	885 240	1 036 076	918 540	909 613	909 613	–	1 288 405	1 318 269	1 303 277
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		647 292	798 155	868 654	828 325	810 472	810 472	–	878 966	908 830	893 837
Reserves	4	89 919	87 085	167 422	90 215	99 141	99 141	–	409 440	409 440	409 440
TOTAL COMMUNITY WEALTH/EQUITY	5	737 211	885 240	1 036 076	918 540	909 613	909 613	–	1 288 405	1 318 269	1 303 277

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understand ability for councillors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
4. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial

indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 17 Table A7 - Budgeted Cash Flow Statement

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		24 194	25 919	25 727	35 612	43 063	43 063	–	43 322	45 488	47 763
Service charges		54 645	54 321	57 945	61 816	49 034	49 034	–	53 895	56 590	59 420
Other revenue		16 923	12 352	6 072	9 776	8 417	8 417	–	21 120	22 127	23 232
Government - operating	1	175 071	159 992	186 586	215 542	213 440	213 440	–	240 436	255 569	272 186
Government - capital	1	87 911	152 934	136 428	98 435	47 257	47 257	–	119 522	127 021	120 867
Interest		9 672	14 266	18 262	14 868	9 201	9 201	–	–	–	–
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		(249 317)	(231 600)	(248 996)	(316 914)	(326 217)	(326 217)	–	(352 344)	(368 912)	(387 357)
Finance charges		(5)	(34)	(8)	–	–	–	–	–	–	–
Transfers and Grants	1	–	(18 265)	–	(150)	(150)	(150)	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		119 092	169 885	182 017	118 985	44 045	44 045	–	125 951	137 883	136 111
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		335	823	–	43 647	–	–	–	–	–	–
Decrease (increase) in non-current debtors		–	–	–	–	–	–	–	–	–	–
Decrease (increase) other non-current receivables		–	(8 627)	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments		–	375	–	–	–	–	–	–	–	–
Payments											
Capital assets		(101 503)	(138 829)	(134 060)	(142 082)	(147 788)	(147 788)	–	(125 574)	(134 228)	(140 940)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(101 169)	(146 258)	(134 060)	(98 435)	(147 788)	(147 788)	–	(125 574)	(134 228)	(140 940)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–	301	(301)	–
Payments											
Repayment of borrowing		–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	–	–	–	–	–	–	301	(301)	–
NET INCREASE/ (DECREASE) IN CASH HELD		17 924	23 628	47 957	20 550	(103 743)	(103 743)	–	678	3 354	(4 829)
Cash/cash equivalents at the year begin:	2	30 487	48 284	71 912	5 837	119 869	119 869	–	132 257	132 935	136 289
Cash/cash equivalents at the year end:	2	48 411	71 912	119 869	26 387	16 126	16 126	–	132 935	136 289	131 459

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The 2019/20 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
4. The estimated surplus for the 2019/20 MTREF is based on enhancing the going concern principle of the municipality, the surplus is estimated at R132 million and R131 million in 2021/22 outer year .

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	48 411	71 912	119 869	26 387	16 126	16 126	–	132 935	136 289	131 459
Other current investments > 90 days		(0)	–	(0)	15 855	26 116	26 116	–	(5 801)	(7 770)	(3 947)
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		48 411	71 912	119 869	42 242	42 242	42 242	–	127 134	128 518	127 512
Application of cash and investments											
Unspent conditional transfers		–	–	–	–	–	–	–	–	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	(11 276)	(5 003)	3 316	10 252	22 184	22 184	–	(66 431)	(43 966)	(58 357)
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		(11 276)	(5 003)	3 316	10 252	22 184	22 184	–	(66 431)	(43 966)	(58 357)
Surplus(shortfall)		59 687	76 914	116 553	31 990	20 058	20 058	–	193 565	172 484	185 869

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be “funded”.
4. From the table it can be seen that for the period 2019/20 the surplus is R23million and decreases to R35million in 2021/22. For the rest of the MTREF a surplus is indicated.
5. Considering the requirements of section 18 of the MFMA, it can be concluded that the tabled 2019/20 MTREF is funded.
6. As part of the budgeting and planning guidelines that informed the compilation of the 2019/20 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table 18 A9 - Asset Management

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	101 503	139 948	137 438	142 082	160 019	160 019	170 154	187 582	196 961
Roads Infrastructure		32 822	35 745	65	71 855	84 185	84 185	44 469	51 116	53 671
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		29 038	70 535	136 037	47 110	50 992	50 992	80 727	88 140	92 547
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		8 686	1 319	-	2 921	2 921	2 921	1 500	1 650	1 733
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	530	880	924
Infrastructure		70 546	107 599	136 102	121 886	138 099	138 099	127 226	141 785	148 875
Community Facilities		10 886	10 787	-	2 330	6 430	6 430	1 150	1 265	1 328
Sport and Recreation Facilities		-	-	-	-	-	-	13 350	15 235	15 997
Community Assets		10 886	10 787	-	2 330	6 430	6 430	14 500	16 500	17 325
Heritage Assets		-	-	-	-	-	-	80	88	92
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		20 071	18 230	1 307	17 867	15 490	15 490	17 400	19 140	20 097
Housing		-	-	-	-	-	-	-	-	-
Other Assets		20 071	18 230	1 307	17 867	15 490	15 490	17 400	19 140	20 097
Biological or Cultivated Assets		-	-	-	-	-	-	680	748	785
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	3 332	29	-	-	-	-	-	-
Intangible Assets		-	3 332	29	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	3 419	2 121	2 227
Furniture and Office Equipment		-	-	-	-	-	-	220	242	254
Machinery and Equipment		-	-	-	-	-	-	130	1 458	1 530
Transport Assets		-	-	-	-	-	-	6 500	5 500	5 775
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets										
Roads Infrastructure	2	-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Total Upgrading of Existing Assets										
Roads Infrastructure	6	-	-	-	-	-	-	8 230	4 103	4 308
Storm water Infrastructure		-	-	-	-	-	-	4 600	110	116
Electrical Infrastructure		-	-	-	-	-	-	1 750	1 925	2 021
Infrastructure		-	-	-	-	-	-	6 350	2 035	2 137
Community Facilities		-	-	-	-	-	-	500	550	578
Sport and Recreation Facilities		-	-	-	-	-	-	130	143	150
Community Assets		-	-	-	-	-	-	630	693	728
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	200	220	231
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	200	220	231
Biological or Cultivated Assets		-	-	-	-	-	-	50	55	58
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	1 000	1 100	1 155
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Total Capital Expenditure	4	101 503	139 948	137 438	142 082	160 019	160 019	178 384	191 685	201 269
Roads Infrastructure		32 822	35 745	65	71 855	84 185	84 185	49 069	51 226	53 787
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		29 038	70 535	136 037	47 110	50 992	50 992	82 477	90 065	94 568
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		8 686	1 319	-	2 921	2 921	2 921	1 500	1 650	1 733
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	530	880	924
Infrastructure		70 546	107 599	136 102	121 886	138 099	138 099	133 576	143 820	151 011
Community Facilities		10 886	10 787	-	2 330	6 430	6 430	1 650	1 815	1 906
Sport and Recreation Facilities		-	-	-	-	-	-	13 480	15 378	16 147
Community Assets		10 886	10 787	-	2 330	6 430	6 430	15 130	17 193	18 053
Heritage Assets		-	-	-	-	-	-	80	88	92
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		20 071	18 230	1 307	17 867	15 490	15 490	17 600	19 360	20 328
Housing		-	-	-	-	-	-	-	-	-
Other Assets		20 071	18 230	1 307	17 867	15 490	15 490	17 600	19 360	20 328
Biological or Cultivated Assets		-	-	-	-	-	-	730	803	843
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	3 332	29	-	-	-	-	-	-
Intangible Assets		-	3 332	29	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	3 419	2 121	2 227
Furniture and Office Equipment		-	-	-	-	-	-	220	242	254
Machinery and Equipment		-	-	-	-	-	-	1 130	2 558	2 685
Transport Assets		-	-	-	-	-	-	6 500	5 500	5 775
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		101 503	139 948	137 438	142 082	160 019	160 019	178 384	191 685	201 269

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
EXPENDITURE OTHER ITEMS		22 850	32 720	64 261	28 258	28 258	15 548	54 465	41 155	44 262
Depreciation	7	22 850	32 720	51 771	15 548	15 548	15 548	30 448	30 448	33 020
Repairs and Maintenance by Asset Class	3	-	-	12 490	12 710	12 710	-	24 017	10 707	11 242
Roads Infrastructure		-	-	1 569	6 770	5 540	-	5 457	5 310	5 575
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	1 569	6 770	5 540	-	5 457	5 310	5 575
Community Facilities		-	-	-	550	650	-	750	788	827
Sport and Recreation Facilities		-	-	-	410	410	-	12 750	263	276
Community Assets		-	-	-	960	1 060	-	13 500	1 050	1 103
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	5 638	2 800	3 560	-	3 510	3 791	3 980
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	5 638	2 800	3 560	-	3 510	3 791	3 980
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	5 282	2 180	2 550	-	1 550	557	584
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		22 850	32 720	64 261	28 258	28 258	15 548	54 465	41 155	44 262

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 9 per cent of PPE.

Table 19 MBRR Table A10 - Basic Service Delivery Measurement

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Household service targets	1									
Water:										
Piped water inside dwelling		-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>										
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>										
Total number of households	5	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>										
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>										
Total number of households	5	-	-	-	-	-	-	-	-	-
Energy:										
Electricity (at least min.service level)		-	-	-	-	-	-	4 198	4 198	4 218
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>								4 198	4 198	4 218
Electricity (< min.service level)		-	-	-	-	-	-	147	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>								147	-	-
Total number of households	5	-	-	-	-	-	-	4 345	4 198	4 218
Refuse:										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>								-	-	-
Removed less frequently than once a week		-	-	-	-	-	-	4 999	5 991	6 011
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>								4 999	5 991	6 011
Total number of households	5	-	-	-	-	-	-	4 999	5 991	6 011
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	857	877	897
Refuse (removed at least once a week)		-	-	-	-	-	-	992	1 012	1 032
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)										
Total cost of FBS provided										
Highest level of free service provided per household										
Property rates (R value threshold)		55 000	55 000	55 000	55 000	55 000	55 000	65 000	65 000	65 000
Water (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		-	-	-	-	-	-	-	-	-
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		-	-	-	19 274	19 274	19 274	19 274	20 238	21 250
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		-	-	-	-	-	-	-	-	-
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total revenue cost of subsidised services provided	6	-	-	-	19 274	19 274	19 274	19 274	20 238	21 250

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The budget provides for 19000 households to be registered as indigent in 2019/20, and therefore entitled to receiving Free Basic Services. The number remain on 19 000 households given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.
3. It is anticipated that these Free Basic Services will cost the municipality R19 million in 2019/20, increasing to R21 million in 2020/20. This is covered by the municipality's equitable share allocation from national government.

2 Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

1. The process followed in compiling the 2019/20 Budget can be summarised as follows:
 - a) Council Adopted a Budget Timetable in August 2018.
 - b) The Budget & Finance Standing Committee Compiled Budget Assumptions and recommended same to Council for adoption. During this meeting the Budget, Tariff, Rates, Indigent and SCM Policies were reviewed. ;
 - c) The CFO presented the Budget Assumptions and Guideline to the General Manager in October 2018;
 - d) IDP / Budget Outreaches will be held in 08-12 April 2019. Councillors, Managers and support staff were divided in six (6) teams and all wards were visited during one (1) week.

2.2 Overview of alignment of annual budget with IDP

The development of the IDP of 2018-2022 and the 2019/2020 Budget Compilation were done simultaneously. During the Community Participation Process IDP priorities and the implications it will have on the current and future budgets were discussed. Community input in this regard was invited and included in both the IDP and the 2019/2020 Budget. Only capital items listed in the IDP was included in the Budget, funds permitting.

The Municipal Departments are aligned with the 5 Local Government Key Performance Areas. The Department's strategies are therefore linked to the 5 KRA's Details of the Budgets allocated to the various departments are reflected in schedules SA4-6.

The Departmental SDBIP contains projects and programmes listed in the IDP. The General Manager's performances plan is linked to the Departmental SDBIP.

The SDBIP marries the Performance Management System with the budget and the IDP. Thus the strategic Direction mapped out in the IDP is matched with financial resources and delivery of services as specified in the PMS.

The SDBIP allows the budget to be implemented fully as it identifies:

- The Strategic Imperative – Through link with the IDP.
- The Financial Imperative – Through links with the Budget
- The Performance Imperative – Through links to the PMS

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South Africa society can only be realised through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A Municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst other, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with Nation and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the City, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the City strategically complies with the key national and provincial priorities.

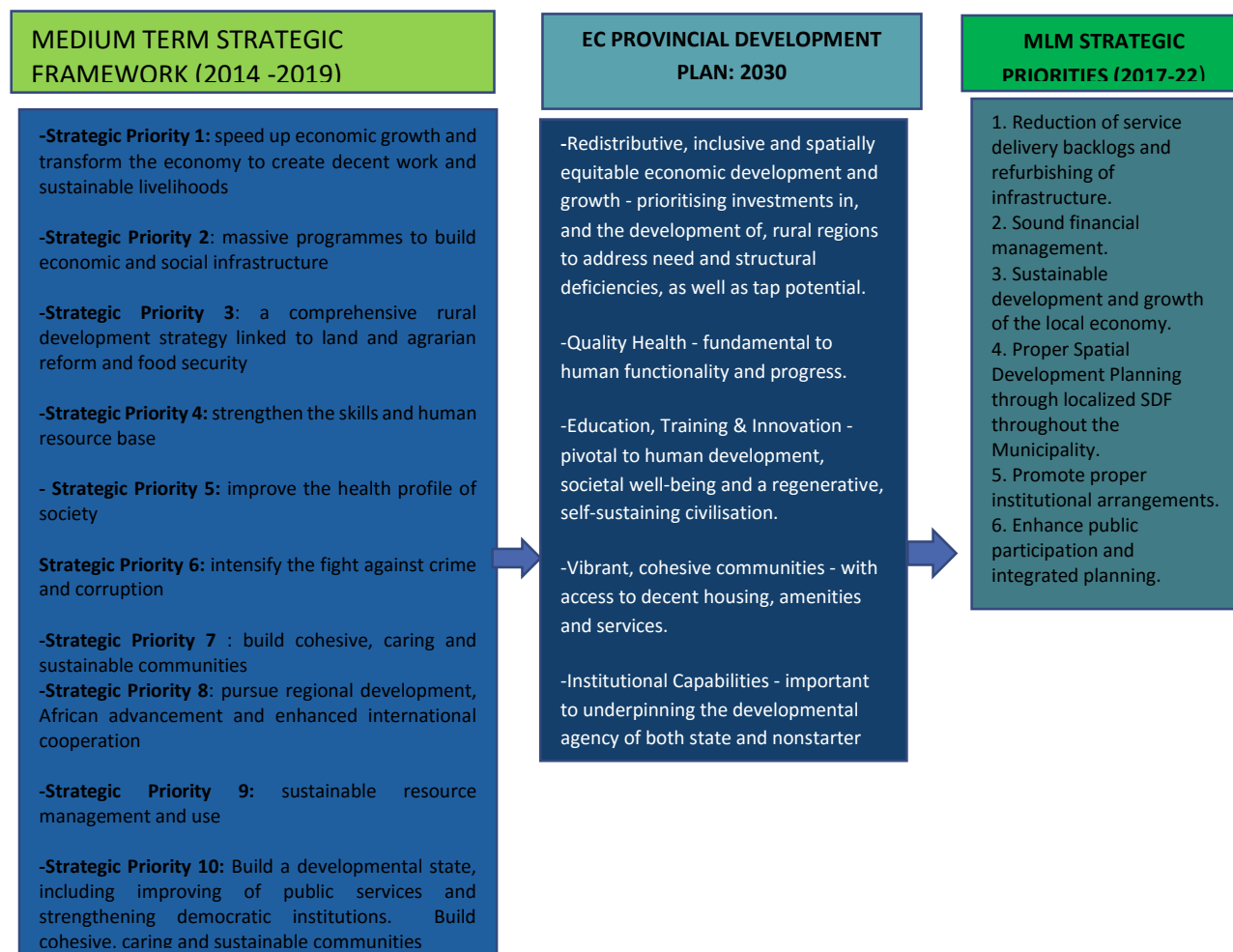
The aim of the revision cycle was develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the City's response to these requirements.

The national and provision priorities, policies

- Green Paper on National Strategic
- Government Programme of Action
- Development Facilitation Act of
- Provincial Growth and Development
- National and Provincial Spatial Development Perspectives;
- Relevant Sector plans such as transportation, Legislation and policy;
- National Key Performance Indicators (NKPI's);
- Accelerated and Shared Growth
- National Spatial Development
- The National Priority Outcomes

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2016/2017 MTREF and further planning refinements that have directly informed the compilation of the budget:

IDP Strategic Objectives



In order to ensure integrated and focused service delivery between all spheres of government it was important for the city to align its budget with that of national and provincial government. All spheres of government place a high priority on infrastructure development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements. Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic service and infrastructure which includes, amongst others:
 - Provide Electricity
 - Provide Water
 - Provide Sanitation
 - Provide Waste Removal
 - Provide Housing
 - Provide Roads and Storm Water
 - Provide Public Transport
 - Provide City Planning Service; and
 - Maintaining the Infrastructure of the municipality
2. Economic growth and development that leads to sustainable job creation by:
 - Ensuring there is a clear structural plan for the municipality;
 - Ensuring planning processes function in accordance with set timeframes;
 - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
3. Fight poverty and build clean, healthy, safe and sustainable communities:
 - Effective implementation of the Indigent Policy;
 - Working with the Provincial Department of Health to provide primary health care services;
 - Extending waste removal services and ensuring effective city cleansing;
 - Ensuring safe working environments by effective enforcement of building and health regulations;
 - Promote viable, sustainable communities through proper zoning; and
 - Promote environmental sustainability by protecting wetlands and key open spaces.
- 3.1 Integrated Social Services for empowered and sustained communities
 - Work with Provincial Departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
 - Optimising effective community participation in the ward committee system; and
 - Implementing Batho Pele in the Revenue Management Strategy.
- 5.1 Promote sound governance through:
 - Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
 - Reviewing the use of contracted services

- Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

4.3 Optimal institutional transformation to ensure capacity to achieve set objectives

- Review of the organizational structure to optimize the use of personal;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the City. The five-year programme responds to the development challenges and opportunities faced by the City by identifying the key performance areas to achieve the five strategic objectives mentioned above.

In addition to the five-year IDP, the City undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the City so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the City's IDP, associated scrolal plans and strategies, and the allocation of resources of the City and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building Social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals

Lessons learned with Previous IDP revision planning cycles as well as changing environments were taken into consideration in the compilation for the fourth revised IDP, including;

- Strengthening the analysis and strategic planning processes of the City;
- Initiating zoned planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and

- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

Table 20 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	Goal Code	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand												
To improve revenue enhancement through broadening revenue base and improving revenue collection				360 598	423 491	432 242	465 315	439 581	439 581	484 349	513 147	530 139
To promote safer, informed and secure communities										6 089	6 394	6 713
To achieve sound environmental management and land use conservation management				1	–	–	14 381	14 382	14 382	14 849	15 591	16 371
To ensure implementation of SDF AND LUMPS in in line with the SDF										65	68	72
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	360 599	423 491	432 242	479 696	453 963	453 963	505 352	535 200	553 294

Table 20MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	Goal Code	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	
R thousand													
To ensure full compliance with legislative requirements of MFMA, MPRA and financial				10 000	9 800	9 160	14 000	14 000		271 071	293 650	308 333	
To create a favourable environment for promoting a growing and sustainable local				–	–	–	8 918	10 418	–	14 849	15 591	16 371	
To Support the development of SMME to participate in a diversified and growing										20 233	21 245	22 307	
To Provide support to indigent households with the municipality										10 193	10 703	11 238	
To provide suitable and conducive working conditions for municipal staff and				32 669	–	29 197	23 660	24 981	–	11 194	11 754	12 341	
To build a healthy , competent and effective workforce				–	–	–	–	–	–				
To provide reliable and efficient ICT services to achieve optimal service				36 518	–	36 619	12 823	13 423	–				
Promote good governance in providing efficient administrative support to										38 066	39 969	41 968	
To protect the interests of the Municipality and ensure compliance with legal										6 283	6 597	6 927	
To promote a coherent and interactive communication and participation with customers										7 808	8 198	8 608	
promote social cohesion and the mainstreaming of designated groups into										8 596			
				181 644	274 186	286 774	200 610	284 092	346 914	0	0	0	
Allocations to other priorities													
Total Expenditure				1	260 831	283 986	361 750	260 012	346 914	346 914	388 292	407 707	428 092

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

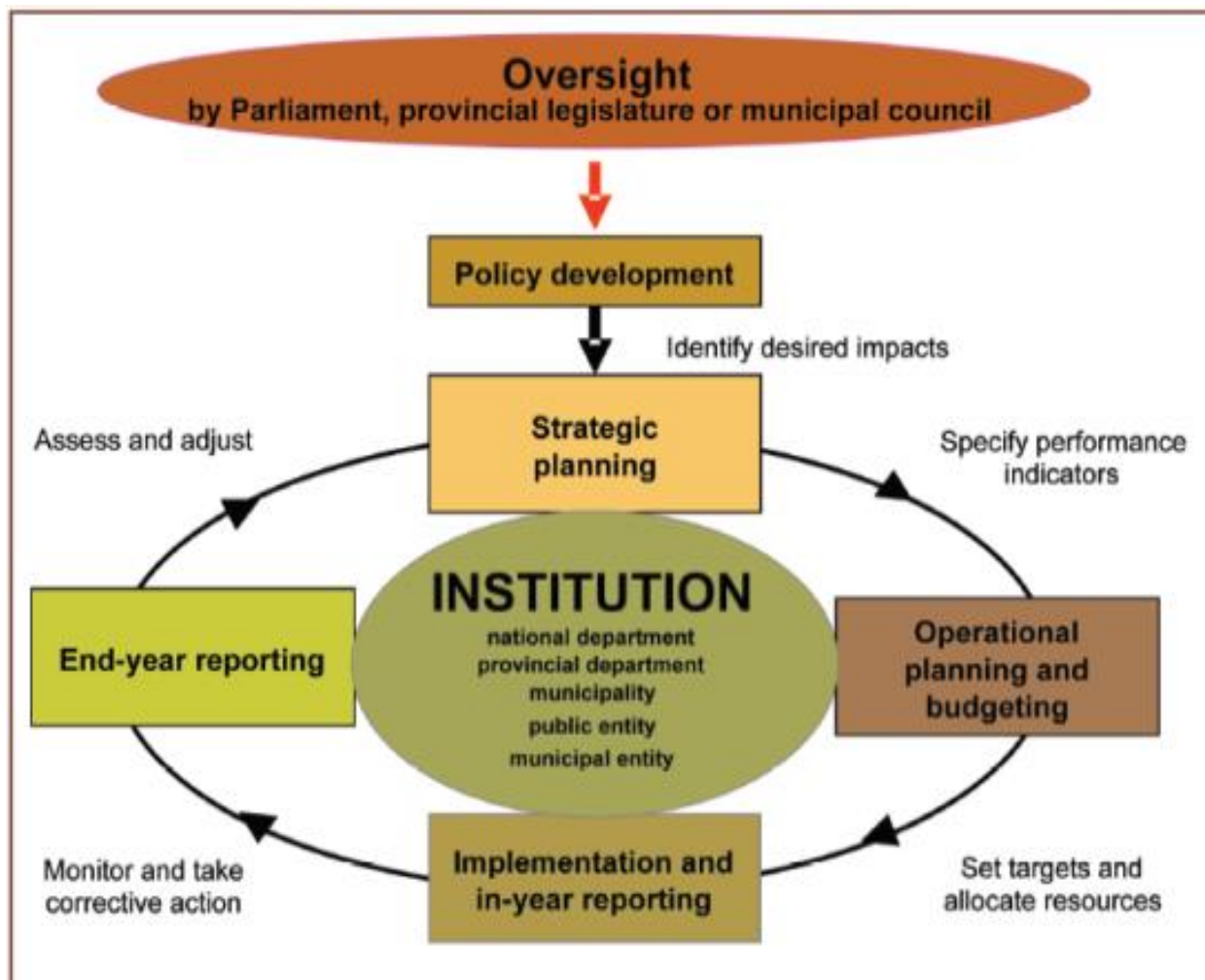


Figure 5 Planning, Budgeting and Reporting Cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitor and checking on the progress against plan);
- Measurement (indicators of success)
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary)

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the Framework of Managing Programme Performance Information issued by the National Treasury:

Figure 6 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

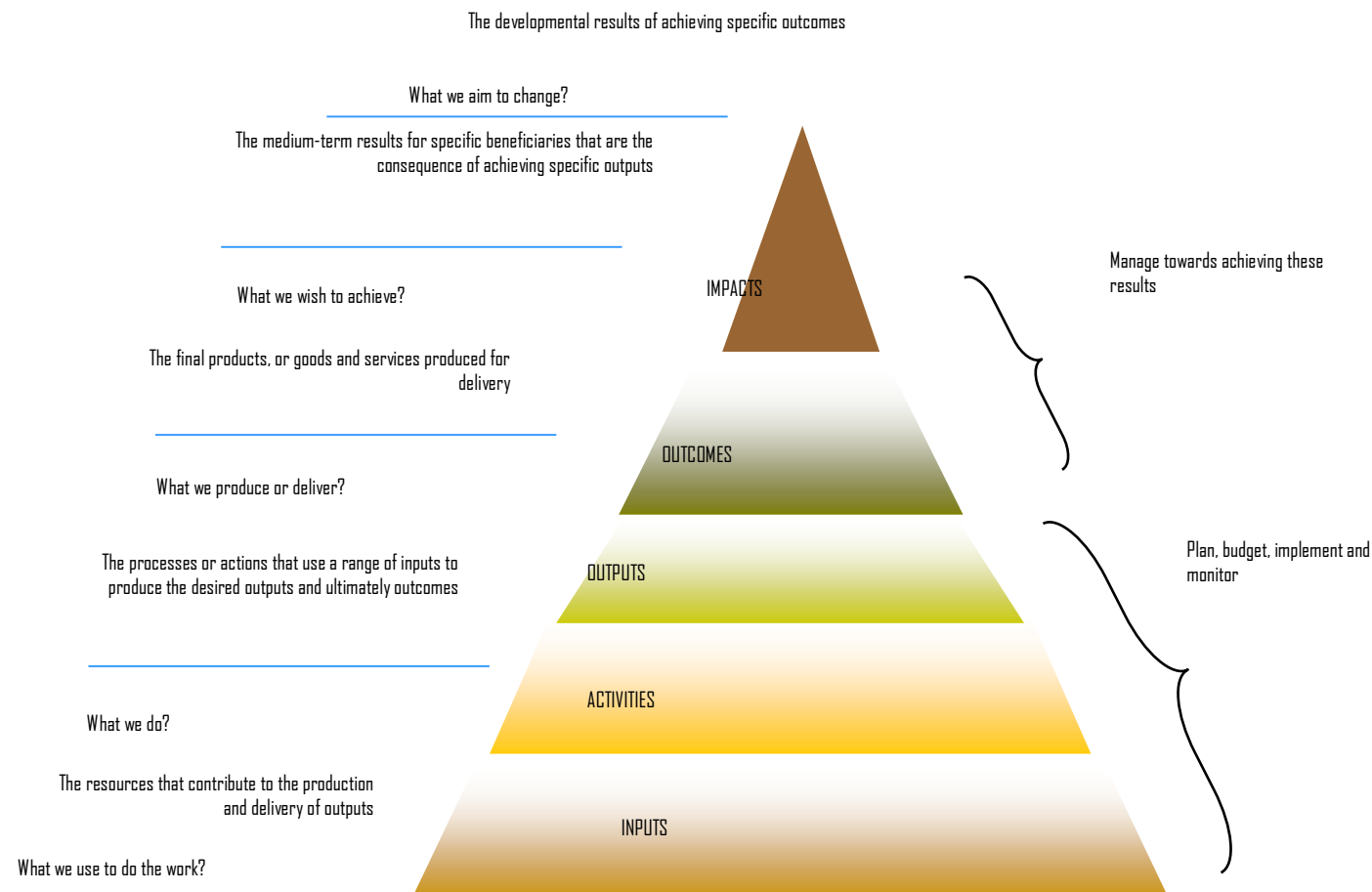


Figure 6 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 21MBRR Table SA8 - Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid / Operating Expenditure	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing / Own Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	2.6	3.2	2.9	1.9	1.6	1.6	–	5.6	3.6	3.8
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 day s/current liabilities	2.6	3.2	2.9	1.9	1.6	1.6	–	5.6	3.6	3.8
Liquidity Ratio	Monetary Assets/Current Liabilities	1.4	1.7	1.9	1.2	1.0	1.0	–	3.4	2.2	2.1
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		100.0%	87.1%	100.0%	100.0%	88.7%	88.7%	0.0%	86.7%	86.7%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		100.0%	97.6%	100.0%	100.0%	88.7%	88.7%	0.0%	86.7%	86.7%	86.7%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	15.5%	21.0%	22.7%	7.7%	7.5%	7.5%	0.0%	21.2%	19.6%	22.4%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))										
Creditors to Cash and Investments		69.9%	55.6%	53.0%	131.6%	270.8%	270.8%	0.0%	5.5%	20.6%	22.0%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	29.0%	30.9%	34.3%	10.9%	33.5%	33.5%	0.0%	31.1%	29.8%	29.5%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	40.2%	39.9%	39.3%	37.3%		36.9%	35.6%	35.3%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	4.2%	3.8%	3.7%	0.0%		6.2%	2.6%	2.6%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	8.2%	11.7%	17.5%	4.6%	4.5%	4.5%	0.0%	7.8%	8.0%	8.0%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	6.7	6.0	7.3	13.3	13.3	13.3	–	–	–	–
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	54.4%	70.7%	79.5%	26.1%	24.5%	24.5%	0.0%	72.4%	67.4%	77.8%
iii. Cost coverage	(Av ailable cash + Investments)/monthly fixed operational expenditure	2.9	3.9	6.0	1.5	0.7	0.7	–	5.1	5.0	4.6

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Matatiele Local Municipality's borrowing strategy is primarily informed by the affordability of debt repayment. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2018/2019 MTREF:

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2019/20 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

2.3.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves.

2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2019/20 MTREF the current ratio is 1.4 in the 2019/20 financial year and 1.3 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately.

2.3.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

2.3.1.5 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality

in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

2.3.1.6 Other Indicators

- Employee costs as a percentage of operating revenue continues to increase over the MTREF.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2019/20 financial year 19 000 registered indigents have been provided for in the budget with this figured increasing to 21 000 by 2021/22. In terms of the Municipality's indigent policy registered households are entitled to 50 kWh of electricity and free waste removal as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 34.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

2.4 OVERVIEW OF BUDGET RALATED POLICIES

As listed hereunder are all the policies that are current adopted by

Matatiele Local Municipality. All these policies can be viewed on the official municipal website www.matatiele.gov.za

Budget Related Policies

- 3.1. (1) Appointment of consultant's policy,
- (2) Banking and investments policy,
- (3) Budget policy,
- (4) Cash management policy,
- (5) Cash shortage policy,
- (6) Credit control and debt collection policy,
- (7) Customer care policy,
- (8) Customer incentive scheme policy,
- (9) Data backup policy,
- (10) Debt capacity policy,
- (11) Donor finance policy,
- (12) Electricity token policy,
- (13) Entertainment & refreshments policy,
- (14) Unclaimed deposits policy,
- (15) Fraud prevention plan 2019-20,
- (16) Gifts policy for officials,
- (17) Grants & donation policy,
- (18) GRAP framework policy,
- (19) Indigent Policy,
- (20) Cash-up Policy,
- (21) Fixed Assets Policy,
- (22) Payment Policy,
- (23) Petty Cash Policy,
- (24) Rates Policy,
- (25) Special Services Policy,
- (26) Strategy to improve Debtor policy,
- (27) Supply Chain management Policy,
- (28) Tariff Policy,
- (29) Use of Credit Card Policy and
- (30) Virement Policy.
- (31) Infrastructure procurement and delivery

Overview of Budget Assumptions

Arising from the above Overview of Economic Analysis, the following Budget Assumptions were made and are affected in the 2019/20 budget:

✚ Estimate Salary Increases

- 2019/20 – 8%
- 2020/21 – 8%
- 2021/22 – 8%

✚ Debt Impairment: the overall collection levels are estimate around 85% overall for the MLM.

Payment levels for the following revenue streams have been estimated as follows:

- Property Rates (80% in 2019 / 2020)
- Electricity (80% in 2019 / 2020)
- Refuse (95% in 2019 / 2020)

✚ Bulk Electricity purchases: MLM has assumed tariff increase of 7.62% from Eskom and will increase its tariffs with 6.84 % subject to NERSA approval.;

✚ Other expenditure: In order to accommodate the increases in salaries, bulk purchases, debt Impairment and depreciation, it means that all other expenditure will increase at a reduced rate or maintained at the current levels;

✚ Matatiele Local Municipality will continue with its current powers and functions;

✚ The Budget is based on current service levels.

✚ Government grants for the years 2019/2020 to 2021/2022 are as per the Division of Revenue Act, assuming that all allocations will be received;

✚ Growth in staff related costs has been provided for in the budget at 8% per annum, growth in the remaining expense items range from 0% to 10%;

✚ Provision has been made for tariff increases relating to services at an average rate of 5% per annum; and

✚ Provision was made to contribute to the Provision for Leave Reserve. However, staff will be encouraged to redeem their leave.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 1 Breakdown of the operating revenue over the medium-term

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as electricity and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

- The revenue strategy is a function of key components such as:
 - Growth in the municipality and economic development;
 - Revenue management and enhancement;
 - Achievement of a 85 per cent annual collection rate for consumer revenue;
 - National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2019/20 MTREF on the different revenue categories are:

Proposed tariff increases over the medium-term- solid waste removal

	WITHOUT VAT	New Tariff VAT Excluded 2018/2019	Increase for 2019/2020	New Tariff VAT Excluded 2019/2020
1.1	<i>Domestic Removals</i>			
(a)	Every owner or occupier of premises from which refuse is removed twice weekly shall pay the Council a fee of per bag per month.	R 123.89	7%	R 145.19
1.2	<i>Commercial Removals</i>			
(a)	Each individual/separate business shall be charged a basic service charge per month.	R 185.82	7%	R 217.77
1.3	In addition to 1.2 every owner or occupier of business premises from which refuse is removed, shall pay the Council a fee of per bag per month, removal twice weekly.	R 185.82	7%	R 217.77
1.4	Provided that Council may at any time conclude separate agreements with commercial users who require that refuse be removed more than twice a week. The above tariff shall be the applicable tariff.			
1.5	<i>Removal from Separate Consumers on same Premises</i>			
	Where refuse is removed from shops and dwellings or flats situated on the same premises such shops and dwellings or flats shall be regarded as separately occupied buildings, and the charges for the removal of refuse shall be as prescribed in applicable scales.			
1.6	<i>Availability Charge</i>			
	A availability fee , is charged to any vacant commercial erven located in the town areas of Cedarville, Matatiele and Maluti.	R 210.00	7%	R 246.10
	A availability fee , is charged to any vacant domestic erven located in the town areas of Cedarville, Matatiele and Maluti.	R 105.00	7%	R 123.05

Proposed tariff increases over the medium-term- Electricity

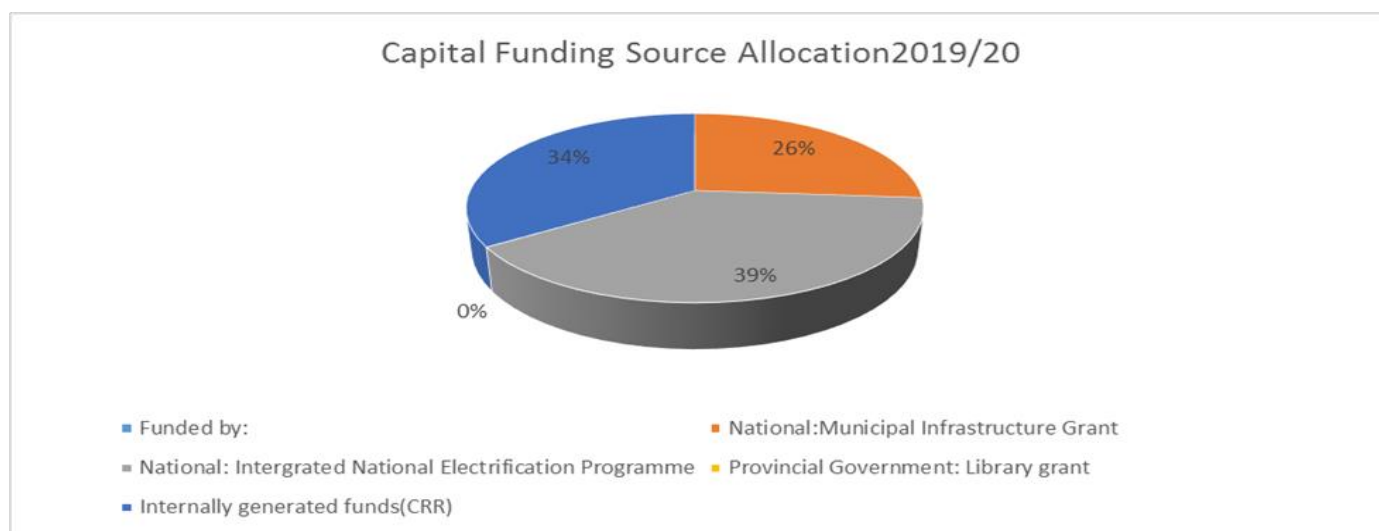
	WITHOUT VAT	Current Tariff VAT Excluded 2018/2019	Increase for 2019/2020	New Tariff VAT Excluded 2019/2020
6.1	Scale 1: Domestic Consumers			
(a)	Basic charge, single or three phase per household per month. Plus the following kWh charges per month.	R 384.30	13.07%	R 434.53
	0-50	R 0.85	13.07%	R -
	51-350	R 1.11	13.07%	R 0.96
	351-600	R 1.57	13.07%	R 1.25
	600 over	R 1.88	13.07%	R 1.77
(b)	Scale 2: Commercial & Other Consumers			
	Basic charge of consumers with the following kVA installed per month			
	0 - 25 KVA	R 433.21	13.07%	R 489.84
	26 - 64 KVA	R 1 588.65	13.07%	R 1 796.28
	65 KVA and more	R 9 295.51	13.07%	R 10 510.43
	plus the following kWh charge per month:			R -
	0 - 2000 kWh	R 1.70	13.07%	R 1.92
	2000 - and more	R 1.70	13.07%	R 1.92
(c)	Scale 3: Pre-Paid Metre Units			
	Domestic:			
	0-50	R 0.84	13.07%	R 0.95
	51-350	R 1.10	13.07%	R 1.24
	351-600	R 1.56	13.07%	R 1.76
	600 over	R 1.87	13.07%	R 2.11
	Commercial:			
	0 - 2000 kWh	R 1.70	13.07%	R 1.92
	2000 - and more	R 1.70	13.07%	R 1.92

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2019/20 medium-term capital programme:
Sources of capital revenue for the 2019/20 financial year

FUNDING OF CAPITAL BUDGET	2019/2020
INEP	R 70 177 000
Municipal Infrastructure Grant (MIG)	R46 792 250
Capital Replacement Reserve (CRR)	R61 325 000
Provincial Library Support	R 90 000
TOTAL	R178 384 250

The above table is graphically represented as follows for the 2019/20 financial year.



The Municipality's capital funding is dependant highly on the external grants as allocated on the DORA.

The following table is of the Municipality's borrowing liability, which is not applicable for the 2019/20 as we have no long term debt

Table 2MBRR Table SA 17 - Detail of borrowings

Borrowing - Categorised by type	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Parent municipality										
Annuity and Bullet Loans		-	-	-	-	-	-	-	-	-
Long-Term Loans (non-annuity)		-	-	-	-	-	-	-	-	-
Local registered stock		-	-	-	-	-	-	-	-	-
Instalment Credit		-	-	-	-	-	-	-	-	-
Financial Leases		-	-	-	-	-	-	-	-	-
PPP liabilities		-	-	-	-	-	-	-	-	-
Finance Granted By Cap Equipment Supplier		-	-	-	-	-	-	-	-	-
Marketable Bonds		-	-	-	-	-	-	-	-	-
Non-Marketable Bonds		-	-	-	-	-	-	-	-	-
Bankers Acceptances		-	-	-	-	-	-	-	-	-
Financial derivatives		-	-	-	-	-	-	-	-	-
Other Securities		-	-	-	-	-	-	-	-	-
Municipality sub-total	1	-	-	-	-	-	-	-	-	-
Entities										
Annuity and Bullet Loans		-	-	-	-	-	-	-	-	-
Long-Term Loans (non-annuity)		-	-	-	-	-	-	-	-	-
Local registered stock		-	-	-	-	-	-	-	-	-
Instalment Credit		-	-	-	-	-	-	-	-	-
Financial Leases		-	-	-	-	-	-	-	-	-
PPP liabilities		-	-	-	-	-	-	-	-	-
Finance Granted By Cap Equipment Supplier		-	-	-	-	-	-	-	-	-
Marketable Bonds		-	-	-	-	-	-	-	-	-
Non-Marketable Bonds		-	-	-	-	-	-	-	-	-
Bankers Acceptances		-	-	-	-	-	-	-	-	-
Financial derivatives		-	-	-	-	-	-	-	-	-
Other Securities		-	-	-	-	-	-	-	-	-
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Borrowing	1	-	-	-	-	-	-	-	-	-

Table 41 MBRR Table SA 18 - Capital transfers and grants receipts

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
RECEIPTS:	1, 2									
Capital Transfers and Grants										
National Government:		77 374	127 012	122 175	98 436	106 349	106 349	116 969	124 330	117 980
Municipal Infrastructure Grant (MIG)		47 374	47 012	46 057	57 276	61 306	61 306	46 792	49 330	52 981
Integrated National Electrification Programme		30 000	80 000	76 118	41 160	45 042	45 042	70 177	75 000	64 999
Provincial Government:		–	–	9 306	–	700	–	90	–	–
ELECTRIFICATION SUPPORT		–	–	9 306	–	700	–	90	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
IDP SUPPORT		–	–	–	–	–	–	–	–	–
Other grant providers:		–	11 559	787	–	–	–	–	–	–
[insert description]		–	11 559	787	–	–	–	–	–	–
Total Capital Transfers and Grants	5	77 374	138 571	132 268	98 436	107 049	106 349	117 059	124 330	117 980
TOTAL RECEIPTS OF TRANSFERS & GRANTS		260 443	314 603	323 014	313 977	322 902	321 290	359 958	379 075	389 363

2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understanding for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
 - Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provided for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue, and
 - Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 42 MBRR Table A7 - Budget cash flow statement

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		24 194	25 919	25 727	35 612	43 063	43 063	–	43 322	45 488	47 763
Service charges		54 645	54 321	57 945	61 816	49 034	49 034	–	53 895	56 590	59 420
Other revenue		16 923	12 352	6 072	9 776	8 417	8 417	–	21 120	22 127	23 232
Government - operating	1	175 071	159 992	186 586	215 542	213 440	213 440	–	240 436	255 569	272 186
Government - capital	1	87 911	152 934	136 428	98 435	47 257	47 257	–	119 522	127 021	120 867
Interest		9 672	14 266	18 262	14 868	9 201	9 201	–	–	–	–
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		(249 317)	(231 600)	(248 996)	(316 914)	(326 217)	(326 217)	–	(352 344)	(368 912)	(387 357)
Finance charges		(5)	(34)	(8)				–	–	–	–
Transfers and Grants	1		(18 265)		(150)	(150)	(150)	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		119 092	169 885	182 017	118 985	44 045	44 045	–	125 951	137 883	136 111
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		335	823		43 647			–	–	–	–
Decrease (Increase) in non-current debtors								–	–	–	–
Decrease (increase) other non-current receivables			(8 627)					–	–	–	–
Decrease (increase) in non-current investments			375					–	–	–	–
Payments											
Capital assets		(101 503)	(138 829)	(134 060)	(142 082)	(147 788)	(147 788)	–	(125 574)	(134 228)	(140 940)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(101 169)	(146 258)	(134 060)	(98 435)	(147 788)	(147 788)	–	(125 574)	(134 228)	(140 940)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–	301	(301)	–
Payments											
Repayment of borrowing		–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	–	–	–	–	–	–	301	(301)	–
NET INCREASE/ (DECREASE) IN CASH HELD		17 924	23 628	47 957	20 550	(103 743)	(103 743)	–	678	3 354	(4 829)
Cash/cash equivalents at the year begin:	2	30 487	48 284	71 912	5 837	119 869	119 869	–	132 257	132 935	136 289
Cash/cash equivalents at the year end:	2	48 411	71 912	119 869	26 387	16 126	16 126	–	132 935	136 289	131 459

2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 43 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
<u>Cash and investments available</u>											
Cash/cash equivalents at the year end	1	48 411	71 912	119 869	26 387	16 126	16 126	–	132 935	136 289	131 459
Other current investments > 90 days		(0)	–	(0)	15 855	26 116	26 116	–	(5 801)	(7 770)	(3 947)
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		48 411	71 912	119 869	42 242	42 242	42 242	–	127 134	128 518	127 512
<u>Application of cash and investments</u>											
Unspent conditional transfers		–	–	–	–	–	–	–	–	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	(11 276)	(5 003)	3 316	10 252	22 184	22 184	–	(66 431)	(43 966)	(58 357)
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		(11 276)	(5 003)	3 316	10 252	22 184	22 184	–	(66 431)	(43 966)	(58 357)
Surplus(shortfall)		59 687	76 914	116 553	31 990	20 058	20 058	–	193 565	172 484	185 869

2.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 44MBRR SA10 – Funding compliance measurement

Description	MFMA section	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	48 411	71 912	119 869	26 387	16 126	16 126	–	132 935	136 289	131 459
Cash + investments at the yr end less applications - R'000	18(1)b	2	59 687	76 914	116 553	31 990	20 058	20 058	–	193 565	172 484	185 869
Cash year end/monthly employee/supplier payments	18(1)b	3	2.9	3.9	6.0	1.5	0.7	0.7	–	5.1	5.0	4.6
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	99 768	139 505	70 492	219 684	107 049	107 049	–	117 059	127 493	125 202
Service charge rev % change - macro CPI target exclusive	18(1)a,(2)	5	N.A.	(1.7%)	(4.2%)	10.4%	0.6%	(6.0%)	(106.0%)	2.1%	(1.0%)	(1.0%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	104.3%	90.9%	89.5%	94.7%	83.1%	83.1%	0.0%	89.4%	89.4%	89.4%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	8.5%	1.5%	(0.1%)	5.1%	4.8%	4.8%	0.0%	4.9%	4.9%	4.9%
Capital payments % of capital expenditure	18(1)c;19	8	100.0%	100.0%	147.3%	100.4%	92.8%	102.5%	0.0%	70.4%	70.0%	70.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								100.7%	100.7%	100.7%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	35.6%	14.8%	(61.6%)	0.0%	0.0%	(100.0%)	218.9%	(2.2%)	21.1%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.0%	0.0%	1.4%	1.4%	1.4%	0.0%	0.0%	2.1%	0.9%	1.0%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

2.6.5.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

2.6.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 43, on page 84. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.6.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. It is especially important to consider the position should the municipality be faced with an expected disaster that threatens revenue collection such as rate boycotts. As part of the 2019/2020 MTREF the municipalities improving cash position causes the ratio to move upwards to 7.3 and then increase slightly to 9 for outer years. As indicated above the Municipality aims to archive at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

2.6.5.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.6.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 present). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 9% for the respective financial year of the 2019/20 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 5 per cent, with the increase in electricity at 1.88 per cent it is to be expected that the increase in revenue exceed the inflation target figures.

2.6.5.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. Given that the assumed collection rate

was based on a 85 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.6.5.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.6.5.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 100 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

2.6.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded.

Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (Dora) have been budgeted for. The Municipality has budgeted for all transfers.

2.6.5.10 Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position Both measures show a relatively stable trend in line with the Municipality's policy of settling debtor's accounts within 30 days.

2.6.5.11 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

2.6.5.12 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability.

Table 45 MBRR SA19 - Expenditure on transfers and grant programmes

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		183 069	176 032	190 287	214 942	214 942	214 942	242 339	257 565	274 344
Local Government Equitable Share		176 266	170 266	185 808	207 642	207 642	207 642	234 919	249 849	266 265
EPWP Incentive		1 780	1 790	2 780	3 185	3 185	3 185	3 257	3 420	3 591
Finance Management		1 600	1 625	1 699	1 700	1 700	1 700	1 700	1 700	1 700
Municipal Infrastructure Grant (MIG)		2 493	2 351	—	2 415	2 415	2 415	2 463	2 596	2 788
Municipal Systems Improvement		930	—	—	—	—	—	—	—	—
Other transfers/grants [insert description]										
Provincial Government:		—	—	460	600	912	912	560	600	630
Sport and Recreation		—	—	460	600	912	912	560	600	630
Other transfers/grants [insert description]										
District Municipality:		—	—	—	—	—	—	—	—	—
[insert description]		—	—	—	—	—	—	—	—	—
Other grant providers:		—	—	—	—	—	—	—	—	—
[insert description]										
Total operating expenditure of Transfers and Grants		183 069	176 032	190 747	215 542	215 854	215 854	242 899	258 165	274 974
Capital expenditure of Transfers and Grants										
National Government:		77 374	127 012	122 175	98 436	106 349	106 349	116 969	124 330	117 980
Municipal Infrastructure Grant (MIG)		47 374	47 012	46 057	57 276	61 306	61 306	46 792	49 330	52 981
Integrated National Electrification Programme		30 000	80 000	76 118	41 160	45 042	45 042	70 177	75 000	64 999
Other capital transfers/grants [insert desc]										
Provincial Government:		—	—	—	—	700	700	90	—	—
Other capital transfers/grants [insert description]						700	700	90		
District Municipality:		—	—	—	—	—	—	—	—	—
[insert description]										
Other grant providers:		—	—	—	—	—	—	—	—	—
[insert description]										
Total capital expenditure of Transfers and Grants		77 374	127 012	122 175	98 436	107 049	107 049	117 059	124 330	117 980
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		260 443	303 044	312 921	313 977	322 902	322 902	359 958	382 495	392 954

2.8 Table 3MBRR SA23 - Summary of councillor and staff benefits

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contribution	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4		527 307	110 931	279 973			918 211
Chief Whip			512 171	-	265 527			777 698
Executive Mayor			632 684	61 240	337 755			1 031 679
Deputy Executive Mayor								-
Executive Committee			1 866 645	86 223	1 192 120			3 144 988
Total for all other councillors			9 554 593	878 893	6 457 426			16 890 912
Total Councillors	8	-	13 093 400	1 137 287	8 532 801			22 763 488
Senior Managers of the Municipality	5							
Municipal Manager (MM)			1 112 067	15 809	457 233			1 585 109
Chief Finance Officer			812 611	146 391	351 726			1 310 728
General Manager Corporate Services			582 937	52 284	383 926			1 019 147
General Manager Community Services			445 951	66 404	882 850			1 395 205
General Manager Economic Development & Planning			467 700	13 093	830 050			1 310 843
General Manager Infrastructure			582 937	9 502	367 286			959 725
List of each official with packages >= senior manager								-
								-
								-
								-
								-
								-
								-
								-
								-
Total Senior Managers of the Municipality	8,10	-	4 004 203	303 483	3 273 071	-		7 580 757
A Heading for Each Entity	6,7							
List each member of board by designation								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
Total for municipal entities	8,10	-	-	-	-	-		-
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	-	17 097 603	1 440 770	11 805 872	-		30 344 245

Table 49 MBRR SA24–Summary of personnel numbers

Summary of Personnel Numbers Number	Ref	2017/18			Current Year 2018/19			Budget Year 2019/20		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		56	–	56	61	–	61	61	–	60
Board Members of municipal entities	4							–	–	–
Municipal employees	5							–	–	–
Municipal Manager and Senior Managers	3	6	–	6	6	–	6	6	–	4
Other Managers	7	22	–	22	20	–	20	21	–	19
Professionals		99	85	6	44	40	4	153	138	3
Finance		40	39	1	11	10	1	40	35	–
Spatial/town planning		8	8	–	2	2	–	14	13	–
Information Technology		1	1	–	1	1	–	9	8	–
Roads		31	26	1	6	3	3	–	–	–
Electricity		8	5	1	6	6	–	–	–	–
Water								–	–	–
Sanitation								–	–	–
Refuse		11	6	3				–	–	–
Other					18	18	–	90	82	3
Technicians		5	5	2	102	102	–	6	6	–
Finance		–	–	–	18	18	–	–	–	–
Spatial/town planning		2	2	1	2	2	–	–	–	–
Information Technology		3	3	1	4	4	–	1	1	–
Roads		–	–	–	3	3	–	–	–	–
Electricity		–	–	–				3	3	–
Water		–	–	–				–	–	–
Sanitation		–	–	–				–	–	–
Refuse		–	–	–	1	1	–	–	–	–
Other		–	–	–	74	74	–	2	2	–
Clerks (Clerical and administrative)		–	–	–	48	48	–	–	66	2
Service and sales workers		–	–	–	25	25	–	–	44	1
Skilled agricultural and fishery workers		–	–	–				2	2	–
Craft and related trades		–	–	–	9	9	–	–	–	–
Plant and Machine Operators		9	–	9	13	13	–	3	3	–
Elementary Occupations		103	101	2	93	93	–	178	157	–
TOTAL PERSONNEL NUMBERS	9	300	191	103	421	330	91	430	416	89
% increase					40.3%	72.8%	(11.7%)	2.1%	26.1%	(2.2%)
Total municipal employees headcount	6, 10	40	36	6	331	270	61	331	270	61
Finance personnel headcount	8, 10	12	8	4	40	34	6	40	34	6
Human Resources personnel headcount	8, 10				13	12	1	13	12	1

2.9 Monthly targets for revenue, expenditure and cash flow

Table 50 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand																
Revenue By Source																
Property rates		3 675	3 675	3 675	3 675	3 675	3 675	3 675	3 675	3 675	3 675	3 675	3 675	44 100	46 305	48 620
Service charges - electricity revenue		4 441	4 441	4 441	4 441	4 441	4 441	4 441	4 441	4 441	4 441	4 441	4 441	53 291	55 955	58 753
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		-	-	-	-	-	-	-	-	-	-	-	14 786	14 786	15 526	16 302
Rental of facilities and equipment		142	142	142	142	142	142	142	142	142	142	142	142	1 700	1 785	1 874
Interest earned - external investments		1 083	1 083	1 083	1 083	1 083	1 083	1 083	1 083	1 083	1 083	1 083	1 083	13 000	13 650	14 333
Interest earned - outstanding debtors		852	852	852	852	852	852	852	852	852	852	852	852	10 225	10 736	11 273
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		174	174	174	174	174	174	174	174	174	174	174	174	2 094	2 198	2 308
Licences and permits		377	377	377	377	377	377	377	377	377	377	377	377	4 525	4 751	4 988
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		20 242	20 242	20 242	20 242	20 242	20 242	20 242	20 242	20 242	20 242	20 242	20 242	242 899	258 165	274 974
Other revenue		139	139	139	139	139	139	139	139	139	139	139	139	1 673	1 704	1 789
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		31 125	31 125	31 125	31 125	31 125	31 125	31 125	31 125	31 125	31 125	31 125	45 912	388 292	410 776	435 215
Expenditure By Type																
Employee related costs		10 051	10 051	10 051	10 051	10 051	10 051	10 051	10 051	10 051	10 051	10 051	10 051	120 608	122 339	128 456
Remuneration of councillors		1 897	1 897	1 897	1 897	1 897	1 897	1 897	1 897	1 897	1 897	1 897	1 897	22 763	23 902	25 097
Debt impairment		458	458	458	458	458	458	458	458	458	458	458	458	5 500	5 775	6 064
Depreciation & asset impairment		2 537	2 537	2 537	2 537	2 537	2 537	2 537	2 537	2 537	2 537	2 537	2 537	30 448	33 020	34 671
Finance charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases		3 992	3 992	3 992	3 992	3 992	3 992	3 992	3 992	3 992	3 992	3 992	3 992	47 900	50 295	52 810
Other materials		386	386	386	386	386	386	386	386	386	386	386	386	4 632	6 857	7 200
Contracted services		13 037	13 037	13 037	13 037	13 037	13 037	13 037	13 037	13 037	13 037	13 037	(55 082)	88 323	90 949	95 497
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure		-	-	-	-	-	-	-	-	-	-	-	68 119	68 119	74 569	78 298
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		32 358	32 358	32 358	32 358	32 358	32 358	32 358	32 358	32 358	32 358	32 358	32 357	388 292	407 706	428 092
Surplus/(Deficit)		(1 232)	(1 232)	(1 232)	(1 232)	(1 232)	(1 232)	(1 232)	(1 232)	(1 232)	(1 232)	(1 232)	13 555	0	3 069	7 124
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		9 755	9 755	9 755	9 755	9 755	9 755	9 755	9 755	9 755	9 755	9 755	9 755	117 059	124 424	118 079
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		8 523	8 523	8 523	8 523	8 523	8 523	8 523	8 523	8 523	8 523	8 523	23 310	117 059	127 493	125 202
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	8 523	8 523	8 523	8 523	8 523	8 523	8 523	8 523	8 523	8 523	8 523	23 310	117 059	127 493	125 202

Table 4MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote																
Vote 1 - Executive and council		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 2 - Budget and Admin		25 348	25 348	25 348	25 348	25 348	25 348	25 348	25 348	25 348	25 348	25 348	25 348	304 180	322 488	342 451
Vote 3 - Corporate		29	29	29	29	29	29	29	29	29	29	29	29	350	368	386
Vote 4 - Development and Planning		12	12	12	12	12	12	12	12	12	12	12	12	145	152	160
Vote 5 - Community		2 156	2 156	2 156	2 156	2 156	2 156	2 156	2 156	2 156	2 156	2 156	2 156	25 875	27 128	28 484
Vote 6 - Infrastructure		14 567	14 567	14 567	14 567	14 567	14 567	14 567	14 567	14 567	14 567	14 567	14 567	174 802	185 065	181 814
Vote 7 - Internal Audit		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 8 - null		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 9 - null		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 10 - null		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 11 - null		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 12 - null		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 13 - null		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 14 - null		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 15 - null		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue by Vote		42 113	42 113	42 113	42 113	42 113	42 113	42 113	42 113	42 113	42 113	42 113	42 113	505 352	535 200	553 294
Expenditure by Vote to be appropriated																
Vote 1 - Executive and council		2 661	2 661	2 661	2 661	2 661	2 661	2 661	2 661	2 661	2 661	2 661	2 660	31 926	33 624	35 305
Vote 2 - Budget and Admin		10 874	10 874	10 874	10 874	10 874	10 874	10 874	10 874	10 874	10 874	10 874	10 874	130 488	141 185	148 244
Vote 3 - Corporate		5 453	5 453	5 453	5 453	5 453	5 453	5 453	5 453	5 453	5 453	5 453	5 453	65 439	68 120	71 526
Vote 4 - Development and Planning		1 838	1 838	1 838	1 838	1 838	1 838	1 838	1 838	1 838	1 838	1 838	1 838	22 054	21 245	22 307
Vote 5 - Community		4 279	4 279	4 279	4 279	4 279	4 279	4 279	4 279	4 279	4 279	4 279	4 279	51 348	53 933	56 630
Vote 6 - Infrastructure		6 927	6 927	6 927	6 927	6 927	6 927	6 927	6 927	6 927	6 927	6 927	6 927	83 128	85 769	90 058
Vote 7 - Internal Audit		326	326	326	326	326	326	326	326	326	326	326	326	3 908	3 830	4 022
Vote 8 - null		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 9 - null		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 10 - null		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 11 - null		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 12 - null		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 13 - null		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 14 - null		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 15 - null		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure by Vote		32 358	32 358	32 358	32 358	32 358	32 358	32 358	32 358	32 358	32 358	32 358	32 357	388 292	407 707	428 092
Surplus/(Deficit) before assoc.		9 755	9 755	9 755	9 755	9 755	9 755	9 755	9 755	9 755	9 755	9 755	9 755	117 059	127 493	125 202
Taxation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Attributable to minorities		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	9 755	9 755	9 755	9 755	9 755	9 755	9 755	9 755	9 755	9 755	9 755	9 755	117 059	127 493	125 202

Table 5MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Multi-year expenditure to be appropriated	1															
Vote 1 - Executive and council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Admin		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Development and Planning		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Community		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Infrastructure		6 999	6 999	6 999	6 999	6 999	6 999	6 999	6 999	6 999	6 999	6 999	6 999	83 982	92 380	96 999
Vote 7 - Internal Audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	2	6 999	6 999	6 999	6 999	6 999	6 999	6 999	6 999	6 999	6 999	6 999	6 999	83 982	92 380	96 999
Single-year expenditure to be appropriated																
Vote 1 - Executive and council		2	2	2	2	2	2	2	2	2	2	2	2	25	28	29
Vote 2 - Budget and Admin		526	526	526	526	526	526	526	526	526	526	526	526	6 315	5 269	5 532
Vote 3 - Corporate		311	311	311	311	311	311	311	311	311	311	311	311	3 732	4 105	4 310
Vote 4 - Development and Planning		32	32	32	32	32	32	32	32	32	32	32	32	382	420	441
Vote 5 - Community		640	640	640	640	640	640	640	640	640	640	640	640	7 680	7 788	8 177
Vote 6 - Infrastructure		13 343	13 343	13 343	13 343	13 343	13 343	13 343	13 343	13 343	13 343	13 343	(70 559)	76 219	81 641	85 723
Vote 7 - Internal Audit		4	4	4	4	4	4	4	4	4	4	4	4	50	55	58
Vote 8 - null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - null		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	2	14 859	14 859	14 859	14 859	14 859	14 859	14 859	14 859	14 859	14 859	14 859	(69 043)	94 402	99 305	104 270
Total Capital Expenditure	2	21 857	21 857	21 857	21 857	21 857	21 857	21 857	21 857	21 857	21 857	21 857	(62 045)	178 384	191 685	201 269

Table 6MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Cash Receipts By Source															
Property rates	3 610	3 610	3 610	3 610	3 610	3 610	3 610	3 610	3 610	3 610	3 610	3 610	43 322	45 488	47 763
Service charges - electricity revenue	3 542	3 542	3 542	3 542	3 542	3 542	3 542	3 542	3 542	3 542	3 542	142	39 109	41 064	43 118
Service charges - water revenue	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges - sanitation revenue	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges - refuse revenue	949	949	949	949	949	949	949	949	949	949	949	4 350	14 786	15 526	16 302
Rental of facilities and equipment	—	—	—	—	—	—	—	—	—	—	—	1 700	1 700	1 785	1 874
Interest earned - external investments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Interest earned - outstanding debtors	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Dividends received	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits	87	87	87	87	87	87	87	87	87	87	87	87	1 047	1 099	1 154
Licences and permits	298	298	298	298	298	298	298	298	298	298	298	1 244	4 525	4 751	4 988
Agency services	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfer receipts - operational	20 036	20 036	20 036	20 036	20 036	20 036	20 036	20 036	20 036	20 036	20 036	20 036	240 436	255 569	272 186
Other revenue	1 374	1 374	1 374	1 374	1 374	1 374	1 374	1 374	1 374	1 374	1 374	(1 271)	13 848	14 492	15 215
Cash Receipts by Source	29 898	29 898	29 898	29 898	29 898	29 898	29 898	29 898	29 898	29 898	29 898	29 898	358 773	379 774	402 600
Other Cash Flows by Source															
Transfer receipts - capital	9 960	9 960	9 960	9 960	9 960	9 960	9 960	9 960	9 960	9 960	9 960	9 960	119 522	127 021	120 867
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Proceeds on disposal of PPE	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Short term loans	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Borrowing long term/refinancing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Increase (decrease) in consumer deposits	301	(301)	—	—	—	—	—	—	—	—	—	301	301	(301)	—
Decrease (Increase) in non-current debtors	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Decrease (increase) other non-current receivable	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Decrease (increase) in non-current investments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Cash Receipts by Source	40 159	39 557	39 858	39 858	39 858	39 858	39 858	39 858	39 858	39 858	39 858	40 159	478 596	506 493	523 468
Cash Payments by Type															
Employee related costs	10 051	10 051	10 051	10 051	10 051	10 051	10 051	10 051	10 051	10 051	10 051	10 051	120 608	122 339	128 456
Remuneration of councillors	1 897	1 897	1 897	1 897	1 897	1 897	1 897	1 897	1 897	1 897	1 897	1 897	22 763	23 902	25 097
Finance charges	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Bulk purchases - Electricity	3 992	3 992	3 992	3 992	3 992	3 992	3 992	3 992	3 992	3 992	3 992	3 992	47 900	50 295	52 810
Bulk purchases - Water & Sewer	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other materials	386	386	386	386	386	386	386	386	386	386	386	386	4 632	6 858	7 201
Contracted services	7 360	7 360	7 360	7 360	7 360	7 360	7 360	7 360	7 360	7 360	7 360	7 360	88 323	90 949	95 496
Transfers and grants - other municipalities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers and grants - other	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other expenditure	5 677	5 677	5 677	5 677	5 677	5 677	5 677	5 677	5 677	5 677	5 677	5 676	68 119	74 569	78 298
Cash Payments by Type	29 362	29 362	29 362	29 362	29 362	29 362	29 362	29 362	29 362	29 362	29 362	29 362	352 344	368 912	387 357
Other Cash Flows/Payments by Type															
Capital assets	10 465	10 465	10 465	10 465	10 465	10 465	10 465	10 465	10 465	10 465	10 465	10 464	125 574	134 228	140 940
Repayment of borrowing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other Cash Flows/Payments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Cash Payments by Type	39 827	39 827	39 827	39 827	39 827	39 827	39 827	39 827	39 827	39 827	39 827	39 826	477 919	503 140	528 297
NET INCREASE/(DECREASE) IN CASH HELD	332	(270)	31	31	31	31	31	31	31	31	31	333	678	3 354	(4 829)
Cash/cash equivalents at the month/year begin:	132 257	132 590	132 320	132 351	132 383	132 414	132 445	132 477	132 508	132 539	132 571	132 602	132 257	132 935	136 289
Cash/cash equivalents at the month/year end:	132 590	132 320	132 351	132 383	132 414	132 445	132 477	132 508	132 539	132 571	132 602	132 935	132 935	136 289	131 459

2.10 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, there were no contracts awarded beyond the medium-term revenue and expenditure framework (three years). See table attached:-

Table

Description	Ref	Preceding Years	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework			Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Total Contract Value
R thousand	1,3	Total	Original Budget	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Parent Municipality:														
<u>Revenue Obligation By Contract</u>	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Operating Revenue Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Expenditure Obligation By Contract</u>	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Operating Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Capital Expenditure Obligation By Contract</u>	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Capital Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Parent Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Entities:														
<u>Revenue Obligation By Contract</u>	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Operating Revenue Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Expenditure Obligation By Contract</u>	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Operating Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Capital Expenditure Obligation By Contract</u>	2													
Contract 1														-
Contract 2														-
Contract 3 etc														-
Total Capital Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Entity Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	-

2.11 Capital expenditure details

The following two tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Detailed Capital expenditure

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CAPITAL EXPENDITURE										
Total New Assets	1	101 503	139 948	137 438	142 082	160 019	160 019	170 154	187 582	196 961
Roads Infrastructure		32 822	35 745	65	71 855	84 185	84 185	44 469	51 116	53 671
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		29 038	70 535	136 037	47 110	50 992	50 992	80 727	88 140	92 547
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		8 686	1 319	-	2 921	2 921	2 921	1 500	1 650	1 733
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	530	880	924
Infrastructure		70 546	107 599	136 102	121 886	138 099	138 099	127 226	141 785	148 875
Community Facilities		10 886	10 787	-	2 330	6 430	6 430	1 150	1 265	1 328
Sport and Recreation Facilities		-	-	-	-	-	-	13 350	15 235	15 997
Community Assets		10 886	10 787	-	2 330	6 430	6 430	14 500	16 500	17 325
Heritage Assets		-	-	-	-	-	-	80	88	92
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		20 071	18 230	1 307	17 867	15 490	15 490	17 400	19 140	20 097
Housing		-	-	-	-	-	-	-	-	-
Other Assets		20 071	18 230	1 307	17 867	15 490	15 490	17 400	19 140	20 097
Biological or Cultivated Assets		-	-	-	-	-	-	680	748	785
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	3 332	29	-	-	-	-	-	-
Intangible Assets		-	3 332	29	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	3 419	2 121	2 227
Furniture and Office Equipment		-	-	-	-	-	-	220	242	254
Machinery and Equipment		-	-	-	-	-	-	130	1 458	1 530
Transport Assets		-	-	-	-	-	-	6 500	5 500	5 775
Total Upgrading of Existing Assets										
Total Upgrading of Existing Assets	6	-	-	-	-	-	-	8 230	4 103	4 308
Roads Infrastructure		-	-	-	-	-	-	4 600	110	116
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	1 750	1 925	2 021
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	6 350	2 035	2 137
Community Facilities		-	-	-	-	-	-	500	550	578
Sport and Recreation Facilities		-	-	-	-	-	-	130	143	150
Community Assets		-	-	-	-	-	-	630	693	728
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	200	220	231
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	200	220	231
Biological or Cultivated Assets		-	-	-	-	-	-	50	55	58
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	1 000	1 100	1 155
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Capital Expenditure										
Total Capital Expenditure	4	101 503	139 948	137 438	142 082	160 019	160 019	178 384	191 685	201 269
Roads Infrastructure		32 822	35 745	65	71 855	84 185	84 185	49 069	51 226	53 787
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		29 038	70 535	136 037	47 110	50 992	50 992	82 477	90 065	94 568
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		8 686	1 319	-	2 921	2 921	2 921	1 500	1 650	1 733
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	530	880	924
Infrastructure		70 546	107 599	136 102	121 886	138 099	138 099	133 576	143 820	151 011
Community Facilities		10 886	10 787	-	2 330	6 430	6 430	1 650	1 815	1 906
Sport and Recreation Facilities		-	-	-	-	-	-	13 480	15 378	16 147
Community Assets		10 886	10 787	-	2 330	6 430	6 430	15 130	17 193	18 053
Heritage Assets		-	-	-	-	-	-	80	88	92
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		20 071	18 230	1 307	17 867	15 490	15 490	17 600	19 360	20 328
Housing		-	-	-	-	-	-	-	-	-
Other Assets		20 071	18 230	1 307	17 867	15 490	15 490	17 600	19 360	20 328
Biological or Cultivated Assets		-	-	-	-	-	-	730	803	843
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	3 332	29	-	-	-	-	-	-
Intangible Assets		-	3 332	29	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	3 419	2 121	2 227
Furniture and Office Equipment		-	-	-	-	-	-	220	242	254
Machinery and Equipment		-	-	-	-	-	-	1 130	2 558	2 685
Transport Assets		-	-	-	-	-	-	6 500	5 500	5 775
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class										
TOTAL CAPITAL EXPENDITURE - Asset class										

2.13 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.

2. Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.

3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee

An Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalised after approval of the 2019/2020 MTREF in May 2019 directly aligned and informed by the 2019/20 MTREF.

6. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

2.14 Other supporting documents

Table 65 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Description	Ref	Vote 1 - Executive and council	Vote 2 - Budget and Admin	Vote 3 - Corporate	Vote 4 - Development and Planning	Vote 5 - Community	Vote 6 - Infrastructure	Vote 7 - Internal Audit	Vote 8 - null	Vote 9 - null	Vote 10 - null	Vote 11 - null	Vote 12 - null	Vote 13 - null	Vote 14 - null	Vote 15 - null	Total
R thousand	1																
Revenue By Source																	
Property rates		-	44 100	-	-	-	-	-	-	-	-	-	-	-	-	-	44 100
Service charges - electricity revenue		-	-	-	-	-	53 291	-	-	-	-	-	-	-	-	-	53 291
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		-	-	-	-	14 786	-	-	-	-	-	-	-	-	-	-	14 786
Rental of facilities and equipment		-	-	-	-	500	1 200	-	-	-	-	-	-	-	-	-	1 700
Interest earned - external investments		-	13 000	-	-	-	-	-	-	-	-	-	-	-	-	-	13 000
Interest earned - outstanding debtors		-	9 911	-	-	-	314	-	-	-	-	-	-	-	-	-	10 225
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	-	1 924	170	-	-	-	-	-	-	-	-	-	2 094
Licences and permits		-	-	-	47	4 478	-	-	-	-	-	-	-	-	-	-	4 525
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue		-	550	350	98	280	395	-	-	-	-	-	-	-	-	-	1 673
Transfers and subsidies		-	236 619	-	-	3 817	2 463	-	-	-	-	-	-	-	-	-	242 899
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		-	304 180	350	145	25 785	57 833	-	-	-	-	-	-	-	-	-	388 292
Expenditure By Type																	
Employee related costs		2 436	27 512	30 956	8 594	24 526	24 260	2 325	-	-	-	-	-	-	-	-	120 608
Remuneration of councillors		22 763	-	-	-	-	-	-	-	-	-	-	-	-	-	-	22 763
Debt impairment		-	5 500	-	-	-	-	-	-	-	-	-	-	-	-	-	5 500
Depreciation & asset impairment		-	30 448	-	-	-	-	-	-	-	-	-	-	-	-	-	30 448
Finance charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases		-	-	-	-	-	47 900	-	-	-	-	-	-	-	-	-	47 900
Other materials		510	815	340	320	1 107	1 460	80	-	-	-	-	-	-	-	-	4 632
Contracted services		6 217	66 214	34 144	13 140	25 716	9 508	1 503	-	-	-	-	-	-	-	-	156 442
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		31 926	130 488	65 439	22 054	51 348	83 128	3 908	-	-	-	-	-	-	-	-	388 292
Surplus/(Deficit)		(31 926)	173 691	(65 089)	(21 909)	(25 564)	(25 295)	(3 908)	-	-	-	-	-	-	-	-	0
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		-	-	-	-	90	116 969	-	-	-	-	-	-	-	-	-	117 059
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(31 926)	173 691	(65 089)	(21 909)	(25 474)	91 674	(3 908)	-	-	-	-	-	-	-	-	117 059

Table 7MBRR Table SA3 – Supporting detail to Statement of Financial Position

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
ASSETS											
Call investment deposits											
Call deposits					22 397	22 397	22 397	–	116 229	117 429	116 229
Other current investments		–	–	–	–	–	–	–	7 214	7 215	7 214
Total Call investment deposits	2	–	–	–	22 397	22 397	22 397	–	123 444	124 644	123 444
Consumer debtors											
Consumer debtors		31 724	41 662	55 518	12 914	12 914	12 914	–	68 231	69 531	86 473
Less: Provision for debt impairment		–	–	–	–	–	–	–	–	–	–
Total Consumer debtors	2	31 724	41 662	55 518	12 914	12 914	12 914	–	68 231	69 531	86 473
Debt impairment provision											
Balance at the beginning of the year		–	–	–	–	–	–	–	–	–	–
Contributions to the provision		–	–	–	–	–	–	–	–	–	–
Bad debts written off		–	–	–	–	–	–	–	–	–	–
Balance at end of year		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		834 611	973 624	820 542	904 327	904 327	903 744	–	947 781	989 084	948 694
Leases recognised as PPE	3	–	–	–	–	–	–	–	–	–	–
Less: Accumulated depreciation		152 332	175 845	(98 193)	15 548	15 548	14 965	–	(173 936)	(182 632)	(191 764)
Total Property, plant and equipment (PPE)	2	682 280	797 779	918 736	888 780	888 780	888 780	–	1 121 717	1 171 717	1 140 458
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)		–	–	–	–	–	–	–	–	–	–
Current portion of long-term liabilities		–	–	–	–	–	–	–	–	–	–
Total Current liabilities - Borrowing		–	–	–	–	–	–	–	–	–	–
Trade and other payables											
Trade Payables	5	33 816	39 968	63 526	34 737	43 663	43 663	–	7 254	28 103	28 903
Other creditors		–	–	–	–	–	–	–	–	–	–
Unspent conditional transfers		–	–	–	–	–	–	–	–	–	–
VAT		–	–	–	–	–	–	–	29 353	29 353	29 553
Total Trade and other payables	2	33 816	39 968	63 526	34 737	43 663	43 663	–	36 607	57 457	58 456
Non current liabilities - Borrowing											
Borrowing	4	–	–	–	–	–	–	–	–	–	–
Finance leases (including PPP asset element)		–	–	–	–	–	–	–	–	–	–
Total Non current liabilities - Borrowing		–	–	–	–	–	–	–	–	–	–
Provisions - non-current											
Retirement benefits		–	–	–	–	–	–	–	–	–	–
List other major provision items		–	–	–	–	–	–	–	–	–	–
Refuse landfill site rehabilitation		–	–	–	–	–	–	–	–	–	–
Other		24 442	25 262	27 767	26 948	26 948	26 948	–	29 114	29 114	29 114
Total Provisions - non-current		24 442	25 262	27 767	26 948	26 948	26 948	–	29 114	29 114	29 114
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		547 523	650 028	579 373	–	–	–	–	688 800	688 800	688 800
GRAP adjustments		–	–	–	–	–	–	–	–	–	–
Restated balance		547 523	650 028	579 373	–	–	–	–	688 800	688 800	688 800
Surplus/(Deficit)		99 768	139 505	70 492	219 684	107 049	107 049	–	117 059	127 493	125 202
Appropriations to Reserves		–	–	(53)	(57 176)	(61 506)	(42 771)	–	–	–	–
Transfers from Reserves		–	–	–	–	–	–	–	–	–	–
Depreciation offsets		–	–	–	–	–	–	–	–	–	–
Other adjustments		–	–	–	–	–	–	–	–	–	–
Accumulated Surplus/(Deficit)	1	647 292	789 533	649 811	162 509	45 542	64 278	–	805 860	816 294	814 003
Reserves											
Housing Development Fund		–	–	–	–	–	–	–	1 766	1 766	1 766
Capital replacement		–	–	–	–	–	–	–	127 589	127 589	127 589
Self-insurance		–	–	–	–	–	–	–	–	–	–
Other reserves		–	–	–	–	–	–	–	187 094	187 094	187 094
Revaluation		89 919	87 085	167 422	90 215	99 141	99 141	–	92 992	92 992	92 992
Total Reserves	2	89 919	87 085	167 422	90 215	99 141	99 141	–	409 440	409 440	409 440
TOTAL COMMUNITY WEALTH/EQUITY	2	737 211	876 618	817 233	252 724	144 684	163 420	–	1 215 300	1 225 734	1 223 443